

NEWS: EUROPE

Top banker faces questions in Russian arms cash inquiry

By Chrystia Freeland
in Moscow

State prosecutors are to question Russia's most powerful banker, Mr Vladimir Potanin, and a former leading government minister, Mr Andrei Vavilov, as part of what they are calling a criminal investigation into the financing of arms sales.

Leaked official documents published this week by *Rossiyskaya Gazeta*, the government newspaper, implicated the bank MFK, a subsidiary of OneXimbank, Russia's mightiest financial group, in transactions surrounding a \$237m (£140m) sale of MiG fighter jets to India.

According to these documents, Mr Vavilov, then a deputy finance minister but later president of MFK, instructed his ministry to buy \$237m worth of promises

sory notes from MFK, ostensibly to pay for the jets. It is alleged that the notes never made it to the MiG factory.

Earlier this month Mr Sergei Dubinin, the chairman of the central bank, said he knew of two cases in which three Russian banks had effectively stolen around \$200m from the state.

A spokesman at the federal prosecutors' office said a criminal investigation had been launched into the fighter jet affair. Prosecutors said they intended to question Mr Potanin, president of OneXimbank and a former first deputy prime minister, while Mr Vavilov has been linked to Mr Victor Chernomyrdin, the premier.

"All of the critical articles were placed and paid for by our competitors," Mr Kolevov said, referring to the common Russian practice of "ordered" newspaper stories, which, posing as news, are in fact financed by political charges have not been filed against any individual.

Adding to the intrigue, Mr Vavilov has abruptly left Russia. Mr Modest Kolevov, an OneXimbank spokesman, rejected suggestions that Mr

Vavilov might be fleeing the law, saying that "only rats and cockroaches flee, men go on holiday". He said the criminal investigation implied no wrongdoing on the bank's part.

The bank could not be at fault. We were only implementing the instructions of the government," Mr Kolevov said. He claimed the tide of revelations about allegedly dubious transactions at the bank on OneXimbank's competitors.

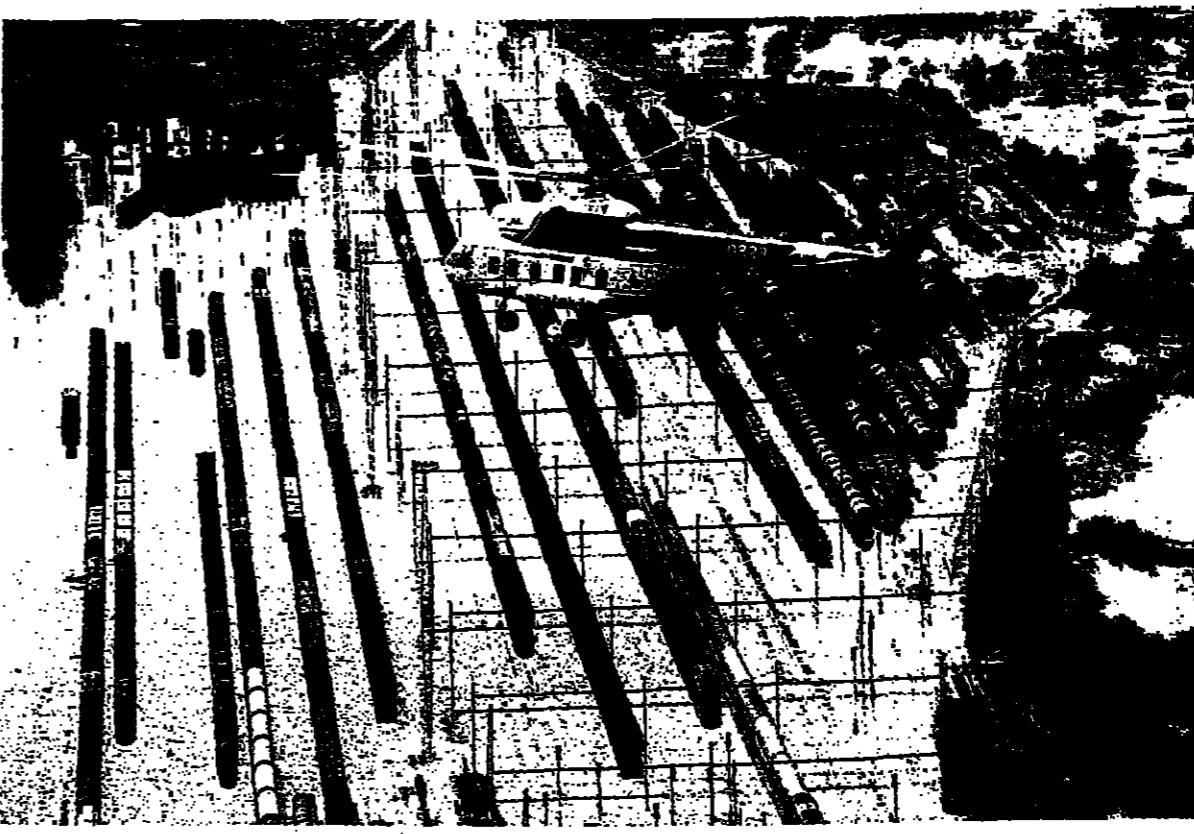
"This affair is a way for the government to establish a new relationship with the banks," said Mr Sergei Markov, a professor of political science. "The government wants to create a more competitive environment, with less favouritism. Chubais is applying pressure, but he doesn't want to destroy the banks, just bring them in line."

Although scandals involving the alleged theft of hundreds of millions of dollars

from the state have become commonplace in Russia, this week's imbroglio could mark a turning point.

The bankers at the centre of the scandal have enjoyed exceptionally warm ties to top Russian government officials. Mr Potanin has long been a close ally of Mr Anatoly Chubais, the reformist first deputy prime minister, while Mr Vavilov has been linked to Mr Victor Chernomyrdin, the premier.

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The Czech agriculture ministry said yesterday a preliminary estimate for crop damage from massive flooding in the eastern part of the country was about Kč1.5bn (£46.2m). Reuter reports that the situation would lead to a significant increase in imports. Mr Kordac said: "We think not. The damage is not so large as to deteriorate the balance of the market."

A helicopter (above) carries the Czech Republic's President Václav Havel over the flooded railway station at Ostrava.

Ireland's cunning old fox is cornered over secret payments

Followers of political bloodsports in Ireland have never had it so good.

Mr Charles Haughey, former prime minister and the cunning fox of Irish politics who has had the scent of scandal about him for much of the past 30 years, has finally been cornered.

Early next week Mr Haughey - who once counted Helmut Kohl and the late François Mitterrand among his close friends - is due to appear before a public tribunal to answer questions about payments totalling hundreds of thousands of pounds which he received from one of Ireland's leading businessmen during his 1987-1992 tenure as prime minister.

For Mr Haughey, it is a personal humiliation of the most fundamental kind.

For Ireland as a whole, the affair is a bitter blow to national pride. The most prominent politician of the past 20 years has been not only caught with his hands deep in the pockets of big business but also is seen to have lied on numerous occasions in a vain attempt to preserve his political reputation.

"This is the biggest political scandal to hit Ireland since the foundation of the state," said an opposition front-bencher. Mr Bertie Ahern, the present prime minister, who served under Mr Haughey in various capacities, described events as "tragic and deplorable" and said confidence and pride must be restored in Ireland's body politic.

At issue are a series of secret payments amounting to £21.5m (£1.97m) made by Mr Ben Dunne, former chief executive of one of Ireland's leading supermarket chains, to Mr Haughey.

At first Mr Haughey strenuously denied any knowledge of the Dunne payments. Only when confronted with evidence painstakingly tracked down through a web of offshore bank accounts by the tribunal's investigators did he finally admit this week to receiving the money.

He also admitted to misleading his own legal team as to the payments. (The tribunal heard that on one occasion Mr Dunne dropped in to Mr Haughey's Dublin home after a game of golf to hand over bank drafts totalling £210,000. Each had a fictitious name - one was made out to a Mr Blair.)

From 1987 to 1992, Mr Haughey constantly preached financial rectitude, pruning public spending and refusing to allow Ireland to sink deeper into debt. Many credit him with laying the

foundations of Ireland's robust economic performance.

However, the prime minister showed no signs of putting any restraint on his own spending: there was talk of lavish parties on Inishwickillaun, Mr Haughey's private island off the coast of County Kerry.

Mr Haughey, nicknamed "The Squire" or "The Boss",

held court at Abbeyville, his Georgian mansion set on a 300-acre estate outside Dublin. There were race horses and fine wines. Any questions as to the origins of this wealth - Mr Haughey came from comparatively humble origins - were dismissed out of hand. Any persistent inquiry was likely to result in a lawyer's letter.

The main question doing the rounds in Dublin's restaurants and bars is whether more revelations about other payments - by Mr Dunne or other businesspeople - will come to light. There is talk of funds of up to £240m secret in a bank account in the Cayman Islands.

If Ireland's tax authorities decide to take action against Mr Haughey, the former prime minister could face the ignominy of bankruptcy or jail, or both.

When he left office in early 1992, Mr Haughey quoted from Othello. "I have done the state some service, and they know it; No more of that."

But next week "more of that" is what the tribunal and the public will be wanting.

Kieran Cooke

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Techno and the Love Parade are also an example of free-standing initiative triumphing over official efforts to promote culture. In the past, Berlin was noted as a generous sponsor of pop music. But few of the third-rate bands backed by the city were ever either popular or successful.

Techno, by contrast, has more independent roots in countless disused industrial buildings and subterranean spaces where the first, mostly unlicensed, parties were held. And like most durable pop trends, techno was initially driven by a small group of fans who were often also the makers of the music. Only later, did record companies and merchandisers climb aboard.

Techno gave Berlin a chance to live up to its sometimes deserved reputation for revelry and louche behaviour. One bizarre consequence is that the Love Parade is now championed as one of Berlin's top attractions by local conservative politicians, a group not normally at ease with platform shoes, lurid T-shirts and chemical stimulants.

But while today's Love Parade is set to be the biggest ever, earning local business DM150m-DM200m (£85m-£115m), the original spirit of techno has been dissipated as the music has become part of the main

stream, forming the backdrop to TV jingles and adverts.

What was originally recreational is now serious business. Many people who organised the first techno clubs are now the proud owners of Mercedes cars and country houses. Top DJs command fees of thousands of marks for a single appearance and have acquired a taste for business-class travel as they fly to bookings around the world.

The techno scene has also lost some of its best party locations as landlords have begun to redevelop derelict factories, or at least demand rent.

The Love Parade itself has been attacked by environmental groups which went to court in a (failed) attempt to get the event banned from moving through the Tiergarten, on the grounds that Berlin's main park could not cope with the dancing hordes and the rubbish left in their wake.

Berlin dances to techno beat

Frederick Stüdemann reports on the city's annual Love Parade

If ever proof were needed that Germans know how to party, today's Love Parade in Berlin is it. Under the motto "Let the sun shine in your heart", more than 1m techno music fans from Germany and abroad are expected to descend to the city for a weekend of revelry.

The centrepiece of the festivities, which after nine years are almost as much of a national institution as the Cologne Karneval, is a procession through the city centre towards the Brandenburg Gate. The aural backdrop will come from sound systems blaring out all known forms of techno and ambient dance - a genre which to its detractors sounds like an amplified building-site at work, but which fans celebrate as something close to a spiritual experience.

Techno is one of the few pop genres in which German artists have been able to succeed internationally - perhaps because the music

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Premier to join anti-Eta march

By Tom Burns in Madrid

Mr José María Aznar, Spain's prime minister, will lead a protest march through the Basque city of Bilbao today, just hours before the expiry of a deadline announced by the terrorist group Eta to kill a member of his centre-right Popular party.

Eta has threatened to shoot Mr Miguel Ángel Blanco, 29, a municipal councillor in the small town of Ermida, unless the government agrees to move hundreds of their jailed members to prisons in or near the Basque Country.

Last Thursday's kidnap and the ultimatum rocked Spanish society and prompted the mainstream Basque Nationalist party, PNV, to drop criticisms of the Madrid government's prison policy and close ranks behind Mr Aznar.

Eta has imposed a condition which cannot be met, Mr José Antonio Ardanza,

French anger at deficit leak

By Samer Iskandar and Andrew Jack in Paris

France's Socialist-led government turned on its opponents yesterday after the publication of confidential public-sector deficit figures produced by the former centre-right administration.

Several newspapers reproduced extracts of a report submitted last month to Mr Lionel Jospin, the prime minister, by his predecessor, Mr Alain Juppé - which suggested France's deficit would be close to 3.5 per cent this year and 4 per cent for 1998.

The figures suggested that the new government would need to introduce considerable austerity measures or raise taxes in order to qualify for European monetary union. They also created a benchmark against which a government-ordered audit of public finances, held on July 21, will be released.

Mr Jospin's spokesman criticised the leak and said the figures suggested Mr Juppé's government had either lied about the state of France's finances during the election campaign, or did not know how serious the situation had become.

The day emerged the day after the government announced a debt-for-swap with the state-controlled railway operator.

The agreement involves the government's taking over the railway operator's debt of FFr20bn (£3.85bn) of debt off

SNCF's balance sheet, reducing its financing costs. In return, the company will create 2,000 jobs, heavily subsidised by the government.

However, analysts suggested yesterday that the move might trigger an inquiry from the European Commission in Brussels, since transferring the debt into a special "service connexe de la dette" created in 1991 means the liability is not taken into consideration for the calculation of the total public debt.

The railways initiative is a nod towards the Socialists' electoral pledge to create 700,000 jobs, mainly for the young and long-term unemployed, and comes after Mr Claude Allègre, the education minister, promised to create 40,000 posts earlier this week.

"This will please everybody," said an economist in Paris. "The prime minister gets job creation, SNCF gets more money and the minister of transport avoids a confrontation [with the unions] over a reform it could not realistically go back on."

As a result of the deal, SNCF will gain roughly FFr1bn. The debt alleviation will reduce its annual financial costs by FFr200m. The railway operator will fund directly 1,000 of the jobs for about FFr200m, while a further 80 per cent of the cost of the remaining jobs will be funded by the government, under a scheme expected to receive parliamentary approval in the autumn.

CORRECTION

Machine tools

The illustration headed "Machine tools: East European exports surge" on yesterday's World Trade page transposed the figures showing exports to the European Union and imports from the EU.

The figures in the article itself were correct.

FINANCIAL TIMES
Published by The Financial Times (Europe) GmbH, Nienhuserstrasse 3, 60318 Frankfurt am Main, Germany. ISSN 0307-1073. Tel: 069 94-99 596 4501. Represented in Frankfurt by J. Walter Reed, William J. Breden, Colin A. Kennedy and Gert Scheidt; in London by David C.M. Bell, Christopher and Alan C. Morris, Equity Publishers; in Paris by The Financial Times (Europe) GmbH; in Paris by France Overseas Holdings Limited, 3 Burton Gardens, London, W1X 1LE. Shareholder of this company is Pearson Financial Times (Europe) GmbH. Registered office: 100 Southwark Bridge, London, SE1 9HL.

FRANCE
Managing Director: P. Morvillo, 42 Rue des Béarn, 75008 Paris. Telephone (01) 5376 8254, Fax (01) 5376 8253. Printer: S.A. Nord Edipac, 15/21 Rue de Châlon, F-59100 Roubaix Cedex 1. Editor: Richard Lambert, ISSN 1148-2753. Circulation Manager: P. Morvillo. Subscriptions Manager: P. Morvillo. Subscriptions: 614 6096. Printer: A.B. KästleDruckerei Expressum, Postf. 6007, 8-530-36, Kiel.

SWEDEN
Editorial Publisher: Hugo Carney, 468 514 6096. Printer: A.B. KästleDruckerei Expressum, Postf. 6007, 8-530-36, Kiel.

UK
Editor: Richard Lambert, on The Financial Times Limited, 100 Southwark Bridge, London, SE1 9HL.

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FLOATING RATE NOTES due April 10, 2001
In accordance with the provisions of the above mentioned Notes, notes are hereby given as follows:
Interest Period: July 10th, 1997 to October 10th, 1997 (92 days)
Interest payment date: October 10th, 1997
Interest rate: 5.507% per annum
Coupon amount: US \$ 150.78 per note of US \$ 100,000
US \$ 1,507.78 per note of US \$ 100,000
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الدجلة

On your screen soon, for a limited run

Hollywood studios are considering plans for a novel means of film distribution - the cheap, throw-away video disc for home viewing.

An outline of the "secretly shrouded" scheme for so-called Zoom TV was revealed this week by Mr Jeffrey Eves, president of the Video Software Dealers Association, who saw the scheme as another digital-age challenge to the conventional video rental market.

Implementation would give studios a bigger share of profits from the home video trade, currently worth about \$16bn in annual rental and sale revenues, he suggested.

Hollywood is considering cheap video discs, to be thrown away after one use. Video rental stores are not amused

The system comprises a digital video disc, encoded to allow only a single showing, which could cost about \$5 - the same as an average pay-per-view film delivered via satellite or cable, and a fifth as much as other DVD films currently available.

Viewers would have the option of throwing the disc away after use, or rewatching it - for a further charge each time - through a modified disc player connected by telephone line to the film's maker, distributor or an intermediate agent.

Some might view the innovation as the "evil twin" of the newly launched digital video discs, most of which are currently priced for sale rather than rental - reducing the video stores' share of the revenue stream.

"Some in Hollywood

might see this one-way product as an opportunity to turn every retailer in America into a movie merchant. Movies could become as ubiquitous as chewing gum," Mr Eves said.

Studio executives at the conference, caught off-guard by Mr Eves's disclosure, would not discuss the project. "We have a responsibility to review every avenue of distribution for our products," said Mr Louis Feola, president of Universal Studios Home Video, who was in Las Vegas to announce

his company's belated entry into the DVD film business.

The studios' test-marketing of DVD players and discs this spring, and plans announced this week for a national launch in time for Christmas, have unsettled the US video rental trade at a time when its maturity is showing in slow growth.

According to Mr Eves,

first-half revenues in the 28,000 US video stores fell 7 per cent in the first half of

last year's 3.5 per cent sales growth was a far cry

from the heyday of the business, in the decade to 1988, when turnover rose more than 10 per cent a year.

The strains on the industry have shown up most starkly at the international Blockbuster Video chain, part of the Viacom group, which has issued two profit warnings this year.

DVD's main customers - targeted by Warner Bros, which is leading the national introduction in November - are up-market consumers who tend to buy rather than rent their home entertainment.

Christopher Parkes

Modest US gains seen from Nafta

By Nancy Dunnne
in Washington

The North American Free Trade Agreement produced only modest short-term gains for the US economy, the administration said yesterday, in a long-awaited report on Nafta, delivered to Congress 10 days late.

The report, required by US law, was notable for the absence of the kind of extravagant claims made three years ago when the administration was urging congressional approval of the agreement.

As has become the norm, officials pointed to increased exports to Mexico - up by nearly 37 per cent in three years - as evidence of the success of Nafta.

Since the launch of Nafta in January 1994 the modest US trade surplus with Mexico has become a deficit of more than \$16bn. Officials attributed this to the strength of the US economy and the fallout from Mexico's 1994 peso crisis.

The report, low-key as it is, will form the basis for the administration's push in Congress for new trade negotiating authority with Chile and other Latin American and Asian countries. It should allow US officials to deny claims that free trade has led to net job losses, and that only big US business has reaped the benefits of using cheap non-US labour.

US officials paint Nafta as a factor moving Mexico towards prosperity. Its critics yesterday were handing out their own reports blaming the trade pact for lower US wages and Mexico's woes.

A report from the Economic Policy Institute, the Institute for Policy Studies and other groups said the "overvalued Mexican currency gave the US a temporary trade surplus with Mexico in 1991-93, creating the illusion that Nafta would be a net job loser instead of a net job creator for Americans." The report has little to say about rising

imports from Mexico and Canada, beyond asserting that "the mainstream economic community has not developed any broadly agreed methodology to sort out from the nearly \$1,000bn in US annual imports those imports that might displace US production."

The official report did not specify the percentage of the exports which were the result of trade between different subsidiaries of multinationals. But the flow of components and assembled products between the plants of multinationals in the region was a big factor in the motor industry, where US exports to Mexico rose 11 per cent between 1993 and 1995 to \$3.6bn and imports more than doubled to \$2.9bn.

Intra-company trade has also been significant in the electronics industry. The report said Nafta had enabled US companies "to realise synergies in the North American market, boosting global competitiveness".

The entire Nafta region is sharing more and more textile and apparel production. Mexico's textile exports to the US rose from \$1.4bn in 1993 to \$4.2bn in 1995. Canada's textile and clothing exports to the US rose from \$1bn to \$2bn. US exports to Mexico rose by 79 per cent to \$2.8bn, while exports to Canada grew by 38 per cent to \$2.7bn.

Administration officials have been stressing the political gains of Nafta, claiming the transparency of the recent Mexican elections as a by-product of close US-Mexican co-operation.

"A prosperous, stable Mexico is better able to work with us in addressing other issues such as immigration and drugs," Mr Robert Rubin, US treasury secretary, said yesterday. "A healthy, growing economy in Mexico is not only in the interests of Mexico, but it is also very much in the national economic and security interests of the US."



Rescue workers search through concrete and steel yesterday hoping to find someone still alive in the ruins of a seven-story building that collapsed in Venezuela's worst earthquake in three decades. Almost 70 are dead so far.

Wholesale prices fall in US for record sixth month

By Gerard Baker
in Washington

US wholesale prices fell for the sixth consecutive month in June, the longest run of monthly price declines in history, and further evidence that inflation is, for the present at least, dormant.

Prices paid to domestic producers for finished goods dropped by a seasonally adjusted 0.1 per cent last month, following falls of 0.3 per cent in May and 0.6 per cent in April, the Labour Department said yesterday.

In the first six months of the year producer prices fell at an annual 3.4 per cent.

A sharp fall in food prices was the principal reason for June's drop. But even excluding the volatile food and energy components, the so-called core index rose by just 0.1 per cent last month.

In the first half of the year, core prices fell at an annual rate of 0.4 per cent.

Producer prices are a good early warning signal of inflationary pressures in the production pipeline, and yesterday's figures confirm all the recent evidence that suggests inflation is

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INTERNATIONAL NEWS DIGEST

Waigel secures budget backing

The German cabinet gave unanimous backing yesterday to the plans of Mr Theo Waigel, the finance minister, for the 1998 draft federal budget and a special supplementary budget to allow extra borrowing this year.

Mr Waigel forecast that the government's strict spending controls - which set a 0.5 per cent growth target for federal outlays to DM461bn (223bn) next year from DM455.6bn this year - would help reduce the share of state activity in the economy to 34.5 per cent of gross domestic product in 1998 from 34.5 per cent this year.

The minister predicted that the controversial Eurofighter project, which is to receive DM450m for pre-production expenditures from next year's defence budget, rising to DM1bn in 2001, would be approved by the Bundestag, the lower house of parliament, in autumn.

Inclusion of Eurofighter in the draft defence budget was greeted with enthusiasm by the German aerospace industry. Daimler-Benz Aerospace (Dasa), the main German contractor, said it would strengthen the position of the German industry in Europe. Peter Norman, Bonn

Eleven shot in Bombay riot

Bombay police yesterday shot dead 11 people in clashes after residents of a low-caste suburb protested over a garland of shoes - a grave insult in India - found draped over a statue of B.R. Ambedkar, an author of India's constitution and political icon for India's lowest castes.

Violence erupted as police tried to force their way through a crowd at the statue. A police commissioner said police "had no option" but to fire after some of the crowd pelted officers with stones and others torched a bus.

Witnesses claimed police fired without provocation. It was unclear who desecrated the statue, though police said the area had been a flashpoint between low-caste residents and members of the extreme Hindu nationalist Shiv Sena party. Mark Nicholson, New Delhi

Mixed feelings on Nigeria

The Commonwealth's predicament over Nigeria was highlighted yesterday when it endorsed General Sani Abacha's efforts to restore democracy in Sierra Leone while avoiding direct criticism of his failure to end military rule at home.

After a two-day hearing, the eight-member ministerial action group expressed support for "efforts to restore the legitimate government of Sierra Leone, currently being undertaken by the Economic Community of West African States" (Ecowas).

Nigerian troops are playing the leading role in Ecowas efforts to reinstate Mr Tejan Kabbah, Sierra Leone's civilian president, who fled after the coup in May.

Speaking privately, Commonwealth officials acknowledge the difficulty of reconciling their support for Nigeria's role in Sierra Leone with the organisation's efforts to persuade the Abuya regime to restore civilian rule. Nigeria was suspended from the Commonwealth two years ago after the execution of minority rights activists.

Michael Holman, London

Global bank standards urged

A group of leading international bankers and regulators yesterday proposed a new system of self-regulation for the largest global financial institutions, built around a set of industry standards for controlling risk.

The Group of 30, a Washington-based financial think tank, said the global operations of the largest banks and financial institutions had outgrown national accounting, legal and supervisory systems which now control them.

The G30 report proposed a new standing committee to lay down standards for monitoring and controlling risk in international banks. External auditors should report on whether the biggest institutions, whose collapse could threaten the entire financial system, complied with these standards.

George Graham, London
Risk Group of 30, 1990 M Street NW Suite 450, Washington DC 20036, USA, #40

Unemployment up in Sweden

Sweden's official unemployment rate rose to 8.8 per cent of the workforce in June, according to figures released yesterday by SCB, the national statistics agency.

This compared with 7.8 per cent in May and with 8.4 per cent in June 1996. The total number in employment rose to 4.03m in the month from 3.88m in May, but was down from 4.06m in June last year. The number of Swedes listed as unemployed rose to 391,000 in June from 329,000 in May, and from 371,000 in June 1996. The rise in the June unemployment rate was smaller than the average increase to 9.0 per cent that had been expected in the market.

AP-DJ, Stockholm

Hunger reaches Pyongyang

Hunger problems in North Korea have spread to the capital, Pyongyang, according to Mr Rolf Huss, acting country director of the United Nations World Food Programme.

Mr Huss said he had seen malnourished children in Pyongyang this month for the first time, though there were still no signs of a breakdown of social order. "North Korea still gives a very disciplined impression."

The UN had got a positive response to this week's appeal for an additional 130,000 tonnes of food aid costing \$45.7m to help meet requirements up till March next year, he said. Commitments worth \$12.2m had been received, with the largest - of \$12.5m - coming from the European Union. Archer Daniels Midland, the US company, had committed \$700,000, adding to its earlier pledge of \$300,000.

Peter Montagnon, London

Court cuts \$1.7m off accountants' BCCI fee

By Jim Kelly,
Accountancy Correspondent

British accountants called in to the failed Bank of Credit and Commerce International overcharged by more than \$1m (\$1.2m) in the immediate aftermath of its collapse in 1991 following the world's biggest banking fraud.

A court in Luxembourg, where the bank was registered, yesterday fixed the fees of liquidators Deloitte & Touche at \$1.809,000 for the six months after regulators closed the bank in 1991. The

accountants had charged \$2,887,908.

Mr John Connolly, managing partner at Deloitte & Touche, said the decision was "incomprehensible" in the light of the liquidators' success in recovering \$400m of the bank's assets since 1991 following the collapse of its colleagues in 1991.

But some creditors will see the ruling as vindicating allegations that fees have been inflated and will seek to have some of the liquidation fees reduced. So far liquidators' fees are understood

to be £133m since the collapse of the bank - half of which is to pay legal costs.

"Despite the size and complexity of this liquidation it is a universally acknowledged fact our rates were well within industry standards and have previously been approved by courts within the UK," said Mr Connolly.

The liquidators will resist attempts to use the ruling which refers only to the pre-liquidation period - to drive down overall fees since 1991. Final dividends to creditors are certain to be much higher than initial forecasts.

The ruling was based on a report commissioned by the Luxembourg court. The firm believes the experts' report levels with those charged for a routine auditing assignment rather than highly specialised insolvency work.

Relations between the London-based liquidators and the Luxembourg authorities have been strained. Deloitte & Touche is in the process of suing the Luxembourg banking regulator for allegedly failing properly to regulate BCCI. The effect of

the ruling - if no appeal is allowed - will be to swell creditors' funds.

So far up to 100,000 creditors have received a 24.5 per cent dividend. A further dividend, possibly as high as 15 per cent, is likely before the end of the year. Creditors' funds could be swelled by a third dividend

NEWS: INTERNATIONAL

Netanyahu pledges cuts and extra cash

By Judy Dempsey

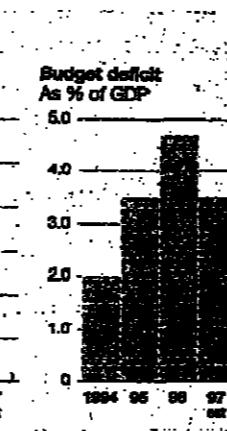
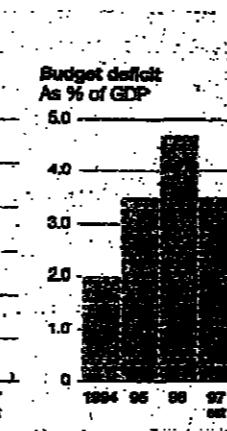
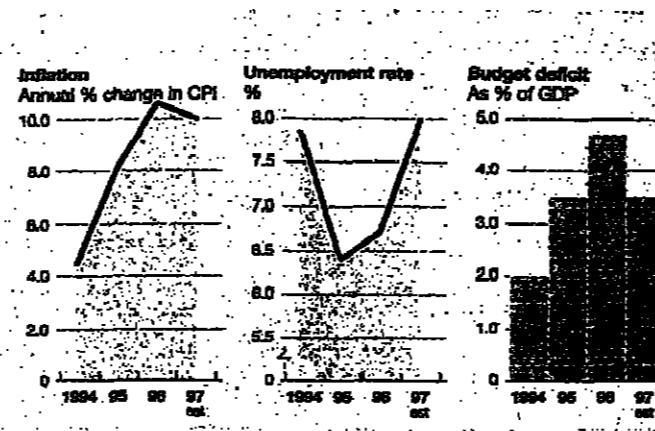
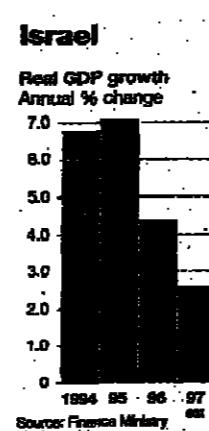
in Jerusalem

Mr Benjamin Netanyahu, the Israeli prime minister, yesterday renewed his pledge to cut spending by an extra Shekkel (\$160m) this year despite promising his coalition partners Shukron in extra spending to keep the government intact.

The expenditure cuts are aimed at reducing the budget deficit to 2.8 per cent of gross domestic product, despite lower than expected economic growth. Economists said they were unsure how Mr Netanyahu could reconcile his economic goals with political promises. Finance ministry forecasts

published this week show that GDP growth will slow to 2.5 per cent this year from 4.4 per cent in 1996 while immigration, the engine of economic growth, is set to fall by 10,000 to 63,000 over the same period. Unemployment will rise to 7.9 per cent and private consumption will fall from 5.5 per cent last year to 2.3 per cent in 1997.

Mr Netanyahu was supposed to have announced the Shekkel cut three weeks ago at a special cabinet meeting which triggered the resignation of Mr Dan Meridor as finance minister. Instead, he allocated funds to Yisrael B'Aliya, the Russian immigrant party, to



Source: Finance Ministry

to Gesher, the party led by Mr David Levy, the foreign minister, and to the religious parties in an attempt to ensure their support in a government paralysed by division.

The prime minister said

yesterday it was "nonsense" that buying the support for the cabinet reshuffle – as well as a change in the style of decision-making – had cost the treasury Shekels.

"The agreement [with the parties] was an expression of general intentions... things which appear in it will be brought up for discussion only in the framework of the budget," he told the daily newspaper Yedioh Aharonot.

Mr Netanyahu also insisted he would take steps to reform the fiscal system through lowering the tax burden, broadening the tax base and scrapping some benefits. He would also liberalise the economy, but admitted it would not be

easy. "Elements which have partisan interests will remain because they enjoy protection. Economic freedom frightens them," he told the newspaper.

One official close to the prime minister's office said: "If Netanyahu promises one thing to his partners and says the contrary, he will soon face another crisis." Mr Yaakov Neeman, the new finance minister, said earlier this week he would press ahead with introducing a Shekkel cut. Although considered a free marketeer, he will be under pressure from the religious parties in the coalition, to which he is very close, to increase spending on housing and education.

Kenyan MPs threaten to block elections

By Michael Wrong in Nairobi

Opposition parliamentarians in Kenya threatened to make the country ungovernable yesterday unless their demands for constitutional reform were met.

In a significant hardening of their stance, a group of 10 opposition MPs said they had gone beyond considering a boycott of polls, expected later this year.

"We are saying more than that. No reforms, no elections," said Mr James Orengo, deputy leader of the opposition. "We will mobilise the public to ensure there are no elections."

Drawing parallels with the mood in Zaire before President Mobutu Sese Seko's overthrow, he said Kenya was seeing the start of a revolution. "The flame of change is flickering in this country. We do not want to be left behind by the Kenyan people."

Mr Moi has so far brushed aside pressure to repeal a range of laws critics say give him an unfair advantage in the polls. In his first public comments on Monday's clashes between demonstrators and police, which left at least nine people dead, he blamed the bloodshed on the opposition and told western nations calling for dialogue they had no moral authority to tell Kenya how to behave.

His resistance to compromise appears to be stoking rejection of an already unpopular government.

Leaders of the Kikuyu, Kenya's biggest and most commercially successful tribe, vowed earlier this week to disrupt the elections unless the constitution was amended, and Protestant churches joined Catholic bishops in calling for an immediate start to the reform process.

The civil unrest is taking its toll on Kenya's financial markets. Although the Nairobi Stock Exchange index was only 13.5 points down on the previous week, share volume was 66 per cent lower as foreign buyers waited to see how the political situation would unfold.

"Foreign investors are hanging back rather than getting out of the market," said Mr Amish Gupta, of Shah Munro stockbrokers. "They are quite nervous."

The shilling, which some banks quoted as closing at 50.25 against the dollar, lost more than 10 per cent in its value during the week. Analysts said the Kenyan currency had only been saved from a more dramatic fall by Central Bank of Kenya intervention.

The fixed-income market, which has seen a massive influx of money attracted by Kenya's high interest rates, witnessed an unusual level of activity as investors cashing in on maturity. "The reaction has been worse than we expected. We would have liked people to wait a week at least before acting," said Mr Gupta.

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Manila bows to lash of currency storms

After spending \$1bn in vain, the Philippines will let the peso float, writes Justin Marozzi

"There is a rolling thunder of depreciation, devaluation and deflation going around Asia," says Mr Michael Taylor, chief economist at Indo-suez W.L. Carr Securities in Hong Kong. "I would be a very brave or very rich central bank that would pretend it could stand in the way of such a trend."

With international reserves of only \$10bn and short-term interest rates at an unattractive 32 per cent, Mr Gabriel Singson, central bank governor of the Philippines, proved neither rich enough nor brave enough to resist.

After spending \$1bn of the reserves in a vain attempt to defend the currency over the past week, the Philippines yesterday decided to follow Thailand in moving to more flexible arrangements. Its central bank will now allow the peso to move "within a new wider range consistent with significantly changed market conditions".

"This is expected to remove the incentive for speculation against the peso and allow a gradual reduction in interest rates more compatible with the economy's requirements," Mr Singson said.

With low inflation, rising economic growth, a fiscal surplus, and an export performance which has outstripped its south-east Asian neighbours, most of the country's fundamentals are sound.

But, warns Mr Neil Saker of SocGen-Crosby in Singapore, the lesson from Thailand is that devaluation causes interest rates to go up, not down.

The fear in the Philippines now is that tight money could add to the squeeze on the economy in the short run, curbing growth prospects and adding to risk in the overheated property market.

And the Philippines, which already relies heavily on remittances from overseas workers, will have to find a way of financing its current account deficit, a

'Unlike Thailand, this is not a country in distress'

Eschweiler, head of economic research for Asia at J.P. Morgan in Singapore.

"I look at the depreciation as a temporary phenomenon," he says. "Unlike Thailand, the Philippines is not a country in distress. We don't think there is going to be a substantial depreciation and don't expect much movement in either imports or exports." Foreign exchange dealers say the peso is expected to consolidate around 27.20 to the US dollar, compared with 26.40, which it closed on Thursday night.

Comparisons with Thailand, which have haunted Manila's stock market for much of this year, suggest some vulnerability in the banking and corporate sector following such a *de facto* devaluation.

Dollar lending by Philippine banks now amounts to 27.5 per cent of their total loans, against 10-15 per cent in Thailand.

Because Philippine banks, unlike their Thai counterparts, are obliged to maintain a 100 per cent hedge on dollar borrowing – a regula-

tion which analysts say they generally observe to within 1 or 2 per cent – the direct impact of the devaluation is not expected to be particularly harmful.

But over 20 per cent of local companies with foreign currency loans are estimated to have no natural hedge. This will increase banks' bad loans and eat into their profits.

Manufacturing companies which rely on high levels of imports are also likely to be hit.

Under local accounting practices, Philippine companies are obliged to capitalise profit and loss on foreign exchange. This will affect those most exposed to foreign borrowings.

Yet Mr Raul Concepcion, president of the Philippines Federation of Industries, says allowing market forces to determine the exchange rate and introduce more volatility is clearly preferable to maintaining interest rates at levels which have more than doubled in the past fortnight and are already starting to damage local businesses.

"They couldn't continue to defend [the peso] with high interest rates," he says.

"If this were to continue, the penalty to industry of higher interest rates would certainly be far greater than keeping the exchange rate at 26.40."

As Mr Eschweiler puts it, "increased currency volatility will serve the Philippines well because it gives economic policy makers more room to focus on domestic monetary policy conditions without being constrained by the exchange rate. I don't think the economy is going to be suffering too badly."

But other economists, such as Mr Saker, say they are relieved that the International Monetary Fund's programme in the Philippines had been due to expire this summer, is to extend its arrangement. "This is a bonus. It would be very dangerous for them to leave at this stage."

World Stocks, Page 21

Egyptian militants consider truce call

By Mark Huband in Cairo

Leaders of Egypt's main militant Islamist organisation are considering a truce in their five-year campaign of violence against the government, which has left 187 people dead since the beginning of this year.

Five senior members of the Gama'a al-Islamiya now in prison in Egypt have recommended that the organisation end the violence. One of the signatories also has links with the Jihad organisation, which carried out the assassination of President Anwar Sadat in 1981.

The recommendation is believed to be under consideration by Gama'a al-Islamiya supporters in exile.

The group's statement was read out by one of 97 defendants being tried along with other alleged Islamists in Cairo. All are accused of launching attacks during 1994 and 1995.

The statement appears to have been the initiative of the prisoners. They are generally regarded as less influential over the organisation's activities than its leaders outside the country.

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World Stocks, Page 21



Israeli troops in Hebron yesterday jump for cover as a petrol bomb bursts into flame among them. Arab despair at the deteriorating Middle East peace process hit a new low yesterday when two Arab leaders voiced doubts that total breakdown can be averted. King Hussein of Jordan said Mr Benjamin Netanyahu, Israeli prime minister, had "let the people of Israel down" by stalling on commitments to the Palestinians. Mr Amr Moussa, Egyptian foreign minister, in a newspaper interview, blamed Israeli intransigence for the failure of an Egyptian initiative to revive direct talks between Israel and the Palestinians. Picture: Reuters

Tiny stickers are latest craze sweeping nation

Sega's Print Club puts Japan in the picture

By Gwen Robinson in Tokyo

Any visitor to Japan these days will probably notice the proliferation of brightly painted and curtained machines in urban areas, and the long queues of schoolgirls and young female office workers, or "office ladies", patiently awaiting their turn.

The fact that there have been no attacks by the militants during the past few days is regarded as a sign that the call may have been heeded, despite the absence of official approval by the organisation's ruling council.

The truce call, to which the government has not responded, follows the exposure by Egyptian security forces of an alleged plot by members of the Gama'a al-Islamiya to blow up the US and Israeli embassies in Cairo.

Four lawyers arrested on June 8 were said by the Egyptian military prosecutor's office to have been discovered with plans of the embassies. A fifth lawyer is being sought by police.

On June 28 three members of the organisation were hanged, a year after being sentenced to death for launching attacks in Upper Egypt, where most Islamist guerrilla activity has been concentrated since the conflict started in 1992.

A concerted campaign by the security forces has now virtually destroyed the organisation.

Welcome to Print Club. From the country that brought you Super Mario Brothers and Tamagotchi, the virtual pets, prepare now for the next craze to be exported overseas. These machines will appear in Europe by the end of summer and will be launched in the US in September.

In Japan, the stunning success of Print Club, or *parti-kura*, has been attributed to the voracious appetite for novelty among young people. It also caters to a certain narcissistic glee among regular users. Each machine has a choice of 30 or more

frames and settings, and for Y300 (\$2.60), produces a sheet of 16 to 20 thumbnail size photo-stickers.

These are carefully divided and swapped between friends. They are stuck on calling cards, schoolbooks and mobile phones. Regular users have generated a new market for albums specifically made to hold the rectangular sheets.

Among schoolgirls, the goal is to collect 1,000 different stickers and then to collect 1,000 more. Social commentaries, musings over the collective psyche of the *parti-kura* generation, have noted the powerful appeal of Print Club culture – the ritual of lining up with friends, the special vocabulary and the swapping of stickers.

"It's just another way kids can 'belong' to something... but will it work in America?" asked a Japanese newspaper.

Print Club began life last year as the hottest novelty in Japan's vast network of game parlours. Now, however, they are appearing in places as diverse as railway stations, convenience stores and footpaths. At last count, there were nearly 15,000 machines – each averaging about Y30,000 a day in sales – in Japanese cities and demand is still growing.

The prime beneficiary has been videogame giant Sega Enterprises, which initially

developed the machines in conjunction with the Tokyo video arcade-game maker Ataris, to enhance its own empire of amusement facilities.

The Print Club craze is one of the only bright spots in Sega's outlook, which has been clouded by falling sales of its Saturn game machine in the face of Sony's more popular PlayStation, and the recent breakdown of its planned merger with the toy maker Bandai.

Sales from Print Club have been the only bright spots in the business year to March, and in the current year, the company is relying on Print Club's continuing success for at least half of total sales. Sega also has high expectations for Print Club's reception overseas following the success of the Tamagotchi, produced by Bandai, and is now working on a version of Print Club featuring the Tamagotchi character.

Like any mega-fad in Japan, new versions of Print Club are rapidly outstripping sales of earlier machines. Each attracts a new wave of collectors who want to acquire the entire range of formats on offer. One of the most successful developments has been a Print Club machine that superimposes images of celebrities in the photo, so that fans appear to be side by side with their idols.

Airline

Unit

Fax not fiction.

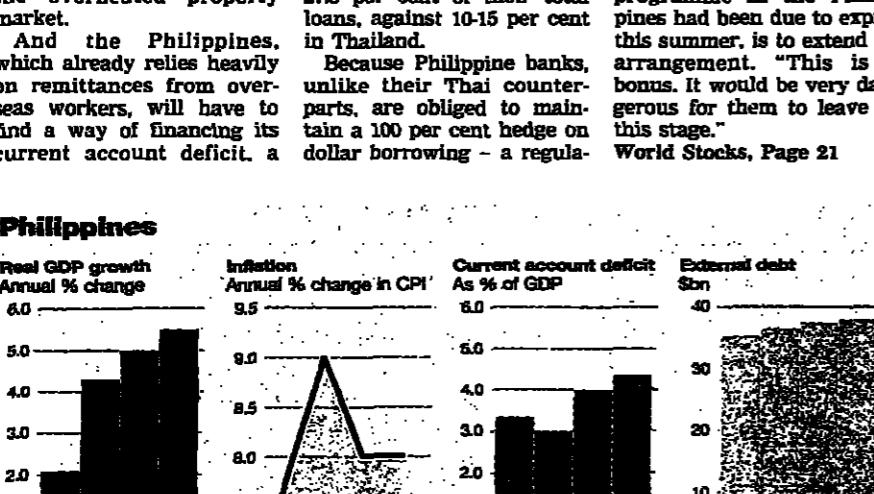
The Nokia 9000 Communicator. A phone, fax, Web browser, E-Mail terminal, SMS message device and personal organiser in one.

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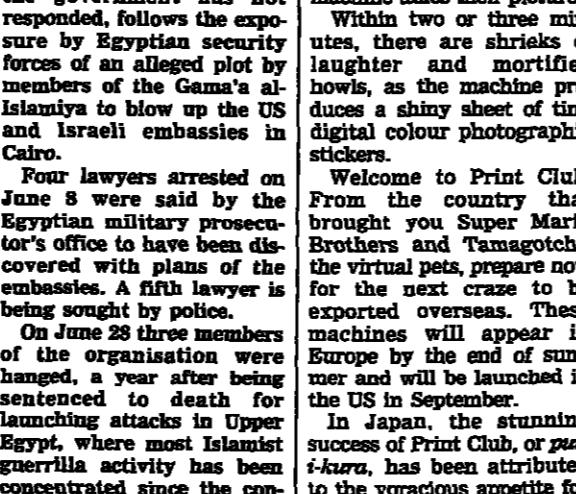
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Philippines



Source: Asian Development Bank

Israel



COMMENT & ANALYSIS

FINANCIAL TIMES

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Saturday July 12 1997

A ride on the rollercoaster

Yesterday's devaluation of the Philippines peso, hard on the heels of the Thai baht, comes at a thought-provoking juncture. Emerging markets are much in vogue at present. Russian equities have more than doubled since the start of the year. Chinese "red chips" are up 50 per cent. Brazilian equities 70 per cent. Some Slovenian bonds, as these columns pointed out earlier this week, are yielding less than half a percentage point over equivalent US Treasuries.

Before concluding that investors have taken leave of their senses, it is worth stepping back to consider some fundamentals. Through the 1990s, emerging markets have been driven by three principal forces. First, the death of communism has hastened the development of privatisation and free markets. There are now more things to buy.

Second, there is more cash to buy things. The apparent death of inflation has led to easy monetary policies in the world's chief economies; and with Wall Street at unswerving heights, the flood of cash is lapsing on remote shores. Third, the globalisation of world markets prompts portfolio investors, like corporations, to seek to capture growth in developing economies.

The first and third of these changes are real and permanent, the second perhaps less so. There is a clear warning here. Emerging equity markets, like Wall Street itself, are being partly driven by liquidity rather than investment fundamentals. Meanwhile, the low interest rates causing that liquidity are feeding an appetite for high yields; hence the risks being taken by investors in exotic bonds.

Spectacular movements

But if emerging equity markets are being driven by liquidity, they have not been driven as far as all that. The IFCI composite index, which tracks emerging markets in total, rose 15 per cent in the first half of this year. Wall Street rose 18 per cent. Over the past three years the Dow has doubled, while the IFCI index has not risen at all.

This is because the spectacular rises in some markets have been offset by equally spectacular falls. Latin American markets have risen almost 40 per cent this year on average, but Asian markets have fallen 5 per cent.

In Latin America, there is clearly the risk of a stampede.

Bread rolls not missed with this exotic breakfast menu

From Ms Nicola Foote.

Sir, As an inmate of Sandy Lane Hotel, Barbados, I was little surprised at some of the criticisms of this lovely hotel in your article "A few cracks in the old lady's make-up" (Weekend FT, July 5/6). Perhaps your journalist is suffering from Winer envy.

The breakfast buffet may be a little light on bread rolls but who cares when there's grilled flying fish and champagne (rather more platable at breakfast than you might think when the temperature's in the 80s and breakfast

runs until 11am). Service is impeccable; the hotel is beautiful.

As to your criticisms of pricing in Barbadian dollars and American dollars, it is not as hard as you'd think. One American dollar equals two Barbadian dollars. Not beyond the wit of the average FT reader, methinks.

Nicola Foote,
Room 217,
Sandy Lane Hotel,
St James,
Barbados

Premium on a conglomerate

From Mr Andrew Campbell.

Sir, John Perry's defence of GE (Letters, July 9) misses the point eloquently made in your leader. It is not the synergy within GE Capital that is in question. It is the wisdom of having GE Capital as part of a conglomerate portfolio. Financial services, broadcasting and aircraft engines clearly are not natural bedfellows. The success factors in each business are radically different. They should, therefore, only be held together if the value addition is substantial.

Our research suggests that the conglomerate form causes value destruction of at least 10 per cent

due to bureaucracy, slower decisions and the inappropriate parenting that results from mis-understanding the differences. Jack Welch would need to argue that he is adding more than 10 per cent to the value of GE Capital to justify retaining it in the portfolio. Assuming GE Capital is worth about half the total, the value added would need to be in the order of \$5bn.

Andrew Campbell,
director,
Ashridge Strategic Management
Centre,
17 Portland Place,
London WIN 3AF, UK

A great politician misplaced

From Mr Simon Coates.

Sir, In your cautionary leader, "Pounding in store" (July 5/6) on Mr Gordon Brown's first Budget, you cite Edmund Burke only to refer to him as "the great 19th century" Whig politician.

Your quotation of Burke is clearly apt, but in the week of the 200th anniversary of his death (July 9 1797), the mis-dating is surely cruel. Acute to the foibles of men, however, he would doubtless attribute it to the under-

standable euphoria at the FT over the chancellor's announcement that value added tax would not be extended to newspapers during this parliament. Not to tax and to please indeed.

Simon Coates,
series producer,
Edmund Burke,
BBC Radio 3,
Broadcasting House,
Portland Place,
London W1A 1AA, UK

Communications gap

MCI appears to have failed to inform BT, its proposed merger partner, of the extent of its problems, says Alan Cane

Sir Peter Bonfield shook his head wearily as yet another briefing drew to a close: "And I thought the computer industry gave me grey hairs," he says ruefully.

Sir Peter, former head of International Computers and now chief executive of British Telecommunications, spent yesterday trying to reassure investors and analysts that BT's \$20bn merger with MCI of the US is not about to fall apart.

The deal, through which BT plans to link with MCI, the second largest North American long-distance carrier to form Concert, would be the biggest transatlantic merger to date. Until the middle of this week, the greatest threat to its consummation seemed to be the possibility that the Federal Communications Commission, the US regulatory authority, might find reasons to block it or force tough conditions on the potential partners.

But on Wednesday, the MCI board - including a shocked Sir Peter - heard that the US company had miscalculated the difficulties of breaking into the US local telephone markets. Taking a significant share of this market, worth \$100bn a year, is a primary objective of the merger. The solution, MCI executives told the board, was to redouble its efforts in these markets at an extra cost of \$400m in the current year and a further \$400m next year. It plans to spend the cash on a combination of capital equipment, marketing and acquiring customers.

The consequence for MCI will be trading losses of \$800m in its local market business in the present year compared with a budgeted loss of only \$400m. It was, Sir Peter says with a trace of a smile, "a typical MCI type of reaction," indicating MCI's reputation for its aggressive approach to problems.

It is not the first time that Sir Peter has taken a good-humoured swipe at MCI's swash-buckling management style

BT and MCI: why they should talk

BT

Sales (\$bn)

MCI

Sales (\$bn)

Net income (\$bn)

Share prices

Relative to their markets

MCI relative to the S&P Composite

BT relative to the FTSE All-Share Index

MCI relative to the NYSE All-Share Index

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Woman in the News · Mo Mowlam

A new broom in Ulster

John Kampfner on the Northern Ireland secretary's unique style

It's the phone call we all fear," says a Labour minister. "It's when Tony says: 'I'd like you to become Northern Ireland secretary.'

Two months into the job, Ms Mo Mowlam may believe the chalice is more poisoned than ever before. The lows have already been desperately low. Her decision to allow a Protestant march through a Roman Catholic estate in Portadown a week ago set off some of the worst civil unrest for many years.

Yet, no sooner had politicians and commentators written both her and the peace process off, than Ms Mowlam confounded the odds. On Thursday she persuaded the Protestant Orange Order to call off or re-route a series of parades due to take place today. These had been in danger of flaring into violence that might have led to deaths.

In the fevered world of Ulster politics, talk of civil war was replaced by speculation about a new IRA ceasefire and the possibilities for peace. The view that Ms Mowlam had committed a serious blunder turned to praise in some quarters for her tenacity. Yet no sooner had nationalists denounced her over Portadown, than hardline unionists accused her of destroying their long cherished right to march.

An accurate assessment as a former Conservative

Northern Ireland minister points out, lies somewhere between. "There's much less drama in the job than people think," says Mr Michael Ancram. "Most of it is grindingly slow."

The crises have been salutary for the Labour government. For the first time, its slick presentational skills and Mr Tony Blair's promises to "make a difference" have run into the buffers.

It has not been for want of trying. While maintaining the broad parameters of the former government's policy, Ms Mowlam has brought a new style and vigour to the job. She is informal and often tactful, putting her arms around the leader of the residents' association in Portadown's Garvagh Road. Where Sir Patrick Mayhew, her patriotic predecessor, acted as a benign governor-general, she has shown herself more ready to address grassroots concerns, haranguing and cajoling as she argues her case.

"Mo's style is 'in your face,'" says a close friend. "She has toned down some of the gum-chewing and

shoes off approach of the past. But she is still unlike virtually anyone at Westminster, let alone in Ulster."

The problem, as Ms Mowlam concedes, is that her role is limited. She told the Commons this week she would introduce a bill in the autumn on new procedures for marches. This would include an independent commission to determine whether a parade should go ahead, its decision to be

made clear she feels betrayed by officials.

Ms Mowlam knew she was

going to get flak for the decision. Yet the government is

convinced that the alternative could have seen the

police and army overrun

and the province descend

into chaos. "When mistakes are made you are blamed,"

says one of her colleagues.

"When something good happens, people say it happened in spite of your actions."

She ended up by doing

exactly the same. Her task

was not helped when her

chief of police, Mr Ronnie

Flanagan, admitted that the

threat of greater violence by

unionists had swayed the

decision to permit the

march.

"Might is right" is an

adage all too often applied

to Ulster. So angry were

some in the Northern

Ireland's civil service at the

government's acquiescence to

the threat of violence that

they leaked a memorandum

suggesting Ms Mowlam and

others had decided to allow

the Portadown march

through two weeks before it

took place. She denies that

interpretation, and has

backed her during her tra-

vails of the past week.

Yet mistakes have been

made. Her promise to inform

the Garvagh Road resi-

dents in advance of the deci-

sion on whether to let the

march pass was broken.

Last year when Sir Patrick

got into similar trouble over

Portadown, Ms Mowlam

vowed to remove the final

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COMMODITIES AND AGRICULTURE

Germany to sell its oil reserves

MARKETS REPORT

By Michael Peel

The German cabinet yesterday approved a sell-off of the country's 54m barrel oil reserves.

The reserves will be sold off between now and the end of 1999. The first batch of 2.8m barrels will be offered to the market in two weeks time.

The government said it was selling the crude to help it meet the criteria to join the European single currency. It expects the sales to raise DM400m this year and DM500m in 1998.

Brent crude for August delivery fell 2c cents on Wednesday after the government announced that it planned a reserve sale. The Brent price was unaffected by yesterday's announcement of details of the sale. August Brent finished on \$18.04, up seven cents.

The reserves, which have been stored in underground caverns since the 1970s, might be sold at a slight discount to Brent to factor in any possible deterioration over time in quality.

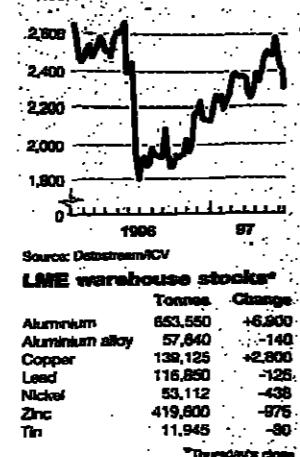
One analyst estimated a sale of all the reserves would earn the government between \$800m and \$900m.

But he said the sales would be small compared with annual German imports of crude. "It's hardly an earthquake," he said. "It just diminishes demand slightly."

The COPPER price underwent a slight correction yesterday following large falls earlier in the week. It closed at \$2,428.50 up \$30.

Copper

LME 3-month price (\$ per tonne)



Source: Datamonitor/CIV

LME warehouse stockists

Tonnes: Cents

Aluminium 865,550 +4,900

Aluminium alloy 57,840 -1,140

Copper 139,125 +1,125

Lead 116,850 -10,850

Nickel 53,112 -438

Zinc 419,800 -976

Total 11,945 -30

Thursday's close

Copper shed nearly 7 per cent of its value earlier this week because of worries about a possible supply surplus. "When you have a fall of the magnitude, it's no surprise to see a rally in the market," said Mr Angus MacMillan, metals analyst for Biliton Research.

Copper production is estimated to rise by about 6 per cent this year and by about 5 per cent in 1998 as new capacity comes on stream.

Some analysts had hoped the excess supply might be bought up by China, a large net importer of copper.

But these hopes were scuppered by news this week of large shipments of the metal from China to the west.

"There's no telling where it [the price] will go in the short term," said Mr MacMillan.

WEEKLY PRICE CHANGES

Latest prices	Change on week ago	Year	1997	1996
Gold per troy oz	\$320.25 -4.25	\$381.45	\$369.65	\$244.50
Silver per troy oz	\$20.50 -10.5	\$30.50p	\$30.10p	\$29.50p
Aluminum 98.7% (cash)	\$19.50 +0.5	\$19.50	\$16.65	\$14.95
Copper Grade A (cash)	\$19.25 -1.31	\$19.25	\$19.75	\$19.75
Lead (cash)	\$9.70 +0.5	\$9.75	\$7.25	\$7.25
Nickel (cash)	\$10.00 +0.05	\$10.00	\$7.845	\$8.220
Zinc (cash)	\$148.51 -23.5	\$102.55	\$141.15	\$104.04
Tin (cash)	\$5615 +30	\$8295	\$6050	\$5205
Cocoa Futures Jul	\$102.85 +4	\$102.85	\$24.97	\$24.97
Coffee Futures Jul	\$177.85 +1.75	\$247.00	\$247.00	\$247.00
Sugar Futures Jul	\$20.20 +2.40	\$20.20	\$19.40	\$19.40
Barley Futures Sep	\$276.50 +1.75	\$303.75	\$296.50	\$278.50
Wheat Futures Jul	\$251.50 +1.75	\$210.55	\$202.20	\$202.20
Cotton Outlook A Index	\$80.90c +0.10	\$82.10c	\$81.40c	\$78.15c
Wool (848 Super)	421p -3	434p	436p	387p
Oil (Brent Blend)	\$18.01x -0.5	\$19.28	\$24.85	\$16.85

Per tonne unless otherwise stated. p Pence/kg. c Cents. x Avg.

WORLD BOND PRICES

Data boost Treasuries

MARKETS REPORT

By John Labate in New York and Vincent Boland in London

US Treasury prices strengthened in morning trading following the release of record-breaking data on producer prices. By early afternoon the benchmark 30-year Treasury bond rose 11/16, sending the yield down to 5.625 per cent. The two-year note was unchanged at 100%, to yield 5.879 per cent. The 10-year Treasury bond gained 1/16, yielding 6.220 per cent.

The producer prices index, which measures finished goods in the mining and manufacturing sectors, declined by 0.1 per cent in June, making six consecutive months of declines and setting a record for the longest string of declines in the 50-year history of the index. The core producer price figure, excluding the volatile energy and food sectors, rose by a slight 0.1 per cent in June. In May the PPI had fallen 0.3 per cent.

"There's no inflation in the pipeline for at least the next six months," said Ms Marilyn Schaja at Donaldson, Lufkin & Jenrette in New York. For the year to date, the overall PPI has declined 3.4 per cent.

Retail sales figures will be released on July 15, a date that traders are eagerly awaiting for signs of consumer price activity.

European and US bond markets ended the week in buoyant mood yesterday. Some positive inflation figures and reassuring comments from the Bank of France on French hopes of meeting the criteria for Ecu combined with relatively benign US producer price data to underpin the advances.

Mr Sanjay Joshi, chief bond economist at Daiwa Europe in London, said the

round of good economic indicators helped create a generally positive tone that should continue into early next week.

Gilt prices surged in afternoon trading after the Bank of England said there would be no new auctions of 10-year gilts in the third quarter.

Sterling's relentless advance to touch DM5 sent investors into the long end of the yield curve. The September futures contract on the benchmark long gilt surged 1/2 per cent to 114 1/4. ITALIAN BTPs, this week's star performers before giving up some on Thursday, recovered their momentum as the consensus hardened that Italy would be part of the single currency first wave.

With Germany and France unlikely to meet the strict 3 per cent budget deficit limit, "it is more likely rather than less likely that we will see a flexible interpretation of the [convergence] criteria," said Mr Stephen Hannah, head of research at IBI International.

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BASE METALS

LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

■ ALUMINUM, 60% PURITY (\$ per tonne)

Cash	3 mths
1561-2	1560.5-70.0
Previous	1551.5-62.5
High/low	1559.5-1555
AM Official	1537.5-38.0
Kerb close	1561-2
Open int.	265.412
Total daily turnover	113,105

■ LEAD (\$ per tonne)

Cash	3 mths
1395-400	1405-8
Previous	1395-405
High/low	1405-8
AM Official	1385-90
Kerb close	1416-17
Open int.	5,154
Total daily turnover	1,238

■ NICKELS (\$ per tonne)

Cash	3 mths
6565-7.5	666-6
Previous	6453.5-6.5
High/low	677/600
AM Official	644.45
Kerb close	656-7
Open int.	30,985
Total daily turnover	6,500

■ TIN (\$ per tonne)

Cash	3 mths
5910-20	5860-70
Previous	5845.5-52.5
High/low	5880/5200
AM Official	5470-60
Kerb close	5825-30
Open int.	59,810
Total daily turnover	3,595

■ COPPER, grade A (\$ per tonne)

Cash	3 mths
2427-50	2283-4
Previous	2397-60
High/low	2494/2430
AM Official	2404-05
Kerb close	2273-4
Open int.	156,127
Total daily turnover	88,912

■ LME COTTON FOB rate: 1996/97

LME Closing 2/6 rate: 1996/97

Spot 15/6/97 LME 5/6 rate: 1997/98 9/6 rate: 1997/98

■ HIGH GRADE COPPER (COMEX)

Cash	Days	Open	Price change	High	Low	Vol	Int.
Aug 10/05	+1.15	163.20	+10.70	185.25	155.55	3,552	
Aug 10/12	+1.15	163.20	+10.70	185.25	155.55	3,552	
Aug 10/19	+0.05	163.20	+10.70	185.25	155.55	3,552	
Aug 10/26	+0.05	163.20	+10.70	185.25	155.55	3,552	
Aug 11/02	+0.05	163.20	+10.70	185.25	155.55	3,552	
Aug 11/09	+0.05	163.20	+10.70	1			

CURRENCIES AND MONEY

Pound at DM3

MARKETS REPORT

By Simon Kuper

The pound hit DM3.00 to the D-Mark yesterday for the first time since October 1980, as the German currency tumbled across the board.

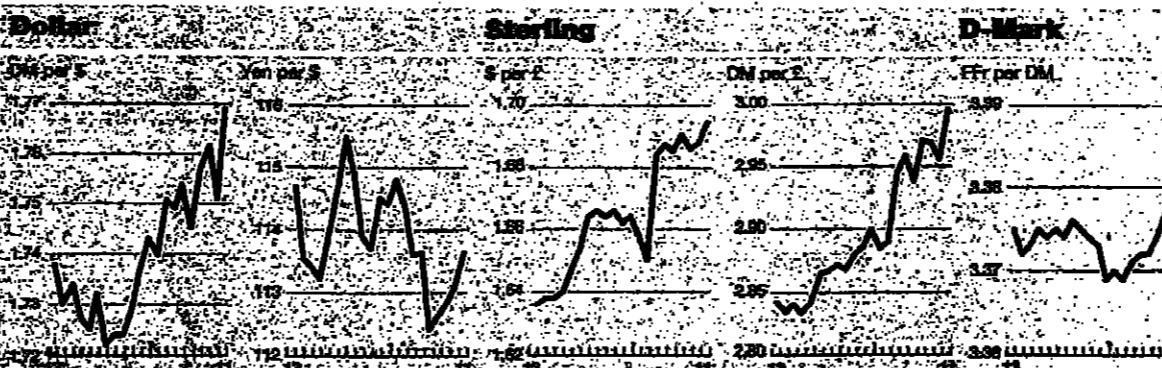
The dollar also touched six-year highs against the D-Mark while the lira climbed 16.4 to Ls70.3 against the German currency.

Also, yesterday, the Philippine central bank followed Thailand by allowing its currency to fall. The peso, under attack from speculators all week, plunged from 26.4 against the dollar to a four-year low of 29.45 before the Bankers Association of the Philippines suspended trading in the currency. Other emerging markets currencies, ranging from the Malaysian ringgit to the Polish zloty, remained under pressure from the fallout from the Thai devaluation 10

days ago.

The pound rose 4.2 per cent as the market decided that the UK would have to raise base rates again soon, following Thursday's rate increase of 25 basis points to 6.75 per cent. Sterling had initially slipped on the increase, as some in the market had expected a sharper tightening. Late yesterday the pound was at DM2.9861. Forex strategists said the pound was meeting only modest resistance at the

DM3.00 level, with the next serious resistance at DM3.05. The presentation of the German supplementary budget for 1997 and budget for 1998 helped reinforce the market's doubts over Germany's chances of meeting the budget deficit criterion



for European monetary union. Most believe the German deficit for 1997 will be above 3.0 per cent of gross domestic product. That could make it hard for Germany to exclude countries such as Italy and Spain from EMU. Mr Avinash Persaud, head of currency research at J.P. Morgan in Europe, said: "Italy and Germany are likely to have very similar budget deficit figures by the end of this year." The market believes that an Emu involving a broad range of

countries would produce a

smaller depreciation against the D-Mark to DM1.770. The dollar also gained 7.6 per cent against the yen to Y113.7.

Portugal took advantage of the weak D-Mark to cut interest rates. It reduced its rate, absorption rate and emergency lending rate by 30 basis points each to 5.7 per cent, 5.4 per cent and 7.4 per cent respectively. The escudo firmed to Es100.8 against the D-Mark.

The Philippine peso's fall only raises the pressure on Asian currencies. The Indonesian central bank had to widen the band in which the rupiah fluctuates against the dollar from 8 per cent to 12 per cent, to allow the currency to survive the new volatility.

The baht and the Malaysian ringgit also fell. The onshore baht, which stood at BT24.5 to the dollar before the devaluation, yesterday lost another BT0.88 to close at BT30.20 against the dollar.

Mr Persaud said that speculators would also attack currencies outside Asia. "Investors are rooting out current account deficit countries, so that suggests that Poland, Slovakia, the Czech Republic and Peru will come under renewed pressure next week." Mr Jeremy Hawkins, chief economist at Bank of America in London, said that data from New Zealand showing a sharply rising current account deficit suggested that the Kiwi dollar was vulnerable too.

FOUND SPOT FORWARD AGAINST THE POUND

Jul 11	Closing	Change	Broker	Mid-point	One month	One month	One year	Rate	Bank of
	mid-point	on day	spread	high	low	mid	high	mid-point	Bank of
Europe									
Austria (Sch)	21.0985	+0.3096	887	889	21.1118	20.7485	21.0441	3.1	20.9814
Belgium (BF)	81.0338	+0.0985	552	553	81.0380	80.9810	81.7238	3.5	81.0388
Denmark (DK)	11.4185	+0.1574	121	120	11.4327	11.2614	11.3885	3.1	11.3211
Ireland (FI)	8.2848	+0.0099	785	781	8.2848	8.2700	8.2848	3.4	8.2807
France (FF)	12.2007	+0.0022	574	574	12.2008	12.1995	12.2043	3.3	12.1995
Germany (DM)	12.2007	+0.0022	574	574	12.2008	12.1995	12.2043	3.3	12.1995
Greece (Dr)	671.0484	+0.6988	518	518	671.0484	671.0482	672.8511	4.5	671.0485
Ireland (I)	1.1171	+0.0115	161	161	1.1182	1.1040	1.1166	0.5	1.1152
Italy (L)	250.971	+22.28	732	732	250.9712	250.9710	250.9709	0.0	250.9718
Luxembourg (L)	81.0208	+0.0045	552	553	81.0210	80.9810	81.7238	3.5	81.0204
Netherlands (NL)	11.4185	+0.1574	121	120	11.4327	11.2614	11.3885	3.1	11.3211
Portugal (Pt)	302.317	+1.8588	578	578	302.3203	298.4294	302.161	0.5	301.8511
Spain (Pe)	222.824	+0.2404	598	598	223.5720	244.5743	222.5776	1.5	221.2513
Sweden (Sk)	13.1324	+0.1174	223	218	13.1325	13.0086	13.1049	2.8	13.0484
Switzerland (SF)	2.4738	+0.0250	723	724	2.4727	2.4416	2.4629	5.3	2.4301
UK (G)	1.2105	+0.0163	207	207	1.2121	1.2031	1.2103	0.5	1.2105
USA (D)	1.213474	-	-	-	-	-	-	-	-

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	mid-point	on day	spread	high	low	mid	high	mid-point	Bank of
Europe									
Austria (Sch)	12.4504	+0.1269	478	472	12.4504	12.3170	12.4284	2.3	12.3774
Belgium (BF)	36.5300	+0.375	100	100	36.5344	36.5120	36.4545	2.5	36.3035
Denmark (DK)	8.2730	+0.0957	380	380	8.2748	8.2695	8.2723	2.1	8.2694
Finland (FV)	5.2450	+0.0085	405	405	5.2445	5.2215	5.2079	2.5	5.1144
France (FF)	12.7768	+0.0164	622	622	12.7763	12.7685	12.7858	2.6	12.7233
Germany (DM)	12.7768	+0.0164	622	622	12.7763	12.7685	12.7858	2.6	12.7233
Greece (Dr)	1.5170	+0.0095	180	180	1.5180	1.5162	1.5153	0.4	1.5157
Italy (I)	1.7177	+0.0640	140	140	1.7182	1.7182	1.7182	-1.2	1.7182
Luxembourg (L)	36.5300	+0.375	100	100	36.5344	36.5120	36.4545	2.5	36.3035
Netherlands (NL)	12.4504	+0.1269	478	472	12.4504	12.3170	12.4284	2.5	12.3774
Portugal (Pt)	17.6400	+1.1590	500	500	17.6370	17.6250	17.6364	2.0	17.6131
Spain (Pe)	7.7496	+0.0374	458	458	7.7714	7.7685	7.7405	1.5	7.6472
Sweden (Sk)	1.5170	+0.0095	180	180	1.5180	1.5162	1.5153	0.4	1.5157
Switzerland (SF)	0.71918	-	-	-	-	-	-	-	-

* For Jul 10. ** For Jul 11. *** For Jul 12. Forwards are only available for the second planned delivery. Forward rates are not directly related to the market but are implied by current interest rates. Sterling rates calculated by the Bank of England. Yen average 1990 = 100. Indexes released 20/6/97. Indx, Indx and Minx in both the D-Mark and the Dollar rates taken from THE WIREMEN'S CLOSING SPOT RATES. Some values are rounded by the F.T.

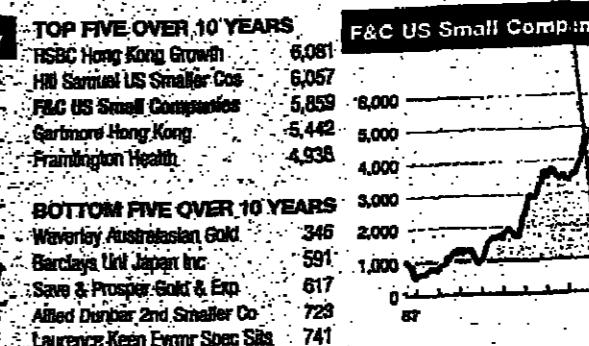
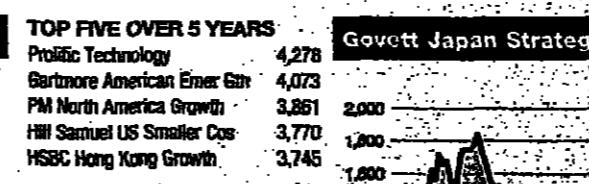
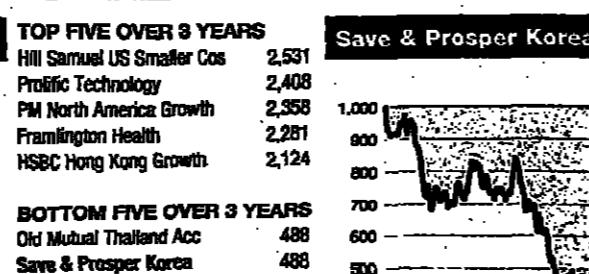
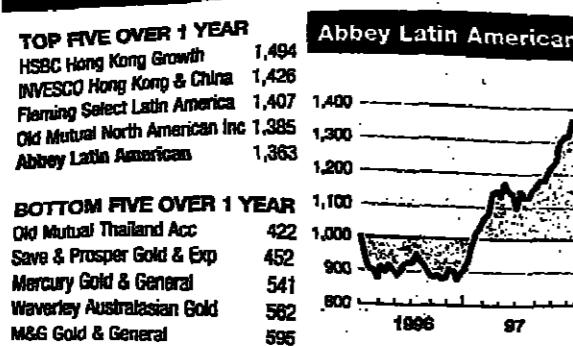
The exchange rates printed in this table are also available on the Internet at <http://www.ft.com>.

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES									
Jul 11	Buy	DM	FF	Yen	DM	ECU	HK	NLG	Yen
Belgium (BF)	16.24	16.26	4.844	1.805	47.010	2.024	2.252	1.915	9.7291
Denmark (DK)	11.22	11.25	2.902	1.193	29.747	2.254	2.467	2.034	1.9497
Germany (DM)	10.24	10.37	3.376	1.276	11.261	1.243	1.325	1.103	1.0307
Ireland (I)	2.12	2.12	0.348	0.103	0.03	0.01	0.116	0.041	0.041
Netherlands (NL)	18.34	18.32	3.000	1.082	1.031	1.020	1.020	0.858	0.858
Portugal (Pt)	49.41	49.12	8.061	2.289	5.062	5.222	5.204	4.778	4.778
Spain (Pe)	1.2445	1.2445	0.4545	0.1175	0.055	0.045	0.045	0.024	0.024
Sweden (Sk)	15.74	15.74	2.710	0.723	0.651	0.622	0.622	0.500	0.500
Switzerland (SF)	25.02	24.615	4.636	1.212	0.452	1.176	1.165	0.965	0.965
UK (G)	81.70	81.74	2.599	0.717	0.291	0.276	0.276	0.276	0.276
Canada (C\$)	26.68	4.918	4.360	1.291	0.461	1.288	1.275	0.965	0.965
USA (D)	88.53	8.737	5.975	1.770	0.659	1.769	1.754</td		

UNIT TRUSTS

WINNERS AND LOSERS



Tables show the result of investing £1,000 over different time periods. Trusts are ranked on 3-year performance. Warning: past performance is not a guide to future performance. Source: Reuters Hindsight (01625 511111)

Indices									
Average Unit Trust									
1054	1321	1973	2187	3.1	2.5				
Average Investment Trust	1124	1344	2188	2455	4.5	5.1			
Bank	1033	1112	1205	1832	0.0	4.3			
Building Society	1080	1110	1211	1837	0.0	4.0			
Stockmarket: FTSE All Share	1236	1573	2212	2616	2.5	3.5			
Inflation	1030	1088	1131	1547	0.4	-			
■ UK Growth									
Johnson Fyater State Growth	1248	1950	2415	-	3.5	0.9			
Jupiter UK Growth	1054	1289	2037	-	2.9	1.9			
Perpetual UK Exempt	1102	1809	2637	-	2.5	2.6			
Barclays Uni Special Scts	1157	1708	2515	1832	2.8	2.0			
Savva UK Growth	1017	1656	2146	-	2.7	1.8			
SECTOR AVERAGE	1100	1470	1979	1907	2.7	1.8			
■ UK Smaller Companies									
Laurence Keen Smaller Cos	1060	1836	-	-	2.9	1.2			
Garthmore UK Smaller Companies	1023	2403	1699	3.4	0.3	-			
INVESTCO UK Smaller Companies	1035	1737	2613	1613	3.3	1.3			
AES Smaller Companies	975	1719	2147	-	3.0	0.8			
Britannia Smaller Co's Acc	1038	1681	2923	1890	3.1	0.4			
SECTOR AVERAGE	958	1311	1930	1508	2.9	1.6			
■ UK Equity Income									
Jupiter Income	1131	1867	3365	-	2.6	4.0			
Lazard UK Income	1138	1643	2222	2633	2.5	4.2			
Royal Life High Income (Dis)	1200	1632	2170	2063	2.4	3.6			
BWD UK Equity Income	1201	1618	2218	2354	2.7	3.4			
Britannia High Yield Inc	1128	1607	2341	2761	2.4	3.9			
SECTOR AVERAGE	1129	1426	1958	2106	2.5	4.4			
■ UK Equity & Bond Income									
Prolific Extra Income	1082	1476	1918	1949	2.1	4.4			
Abbey National Extra Income	1208	1454	2235	2469	2.2	5.1			
Cler Med Retirement Income	1145	1445	1950	-	2.7	5.6			
Cazenove UK Equity & Bond	1112	1440	-	-	3.0	5.4			
Edinburgh High Distribution	1106	1426	1820	1647	2.6	4.1			
SECTOR AVERAGE	1103	1323	1783	1824	2.1	5.4			
■ UK Equity & Bond									
Bank of Ireland Ex Mgd Growth	1121	1504	2053	-	2.0	2.4			
Fleming General Opportunities	1159	1444	1833	-	2.3	3.2			
Barclies Gifford Managed	1151	1423	1890	2375	2.3	2.5			
Capel-Cure Hallmark Growth	1187	1416	1811	2072	2.3	1.6			
Henderson Bond & Convertible	1025	1168	1442	-	1.3	6.4			
SECTOR AVERAGE	947	1079	1352	1549	1.8	5.2			
■ International Equity & Bond									
Bank of Ireland Ex Mgd Growth	1121	1504	2053	-	2.0	2.4			
Fleming General Opportunities	1159	1444	1833	-	2.3	3.2			
Barclies Gifford Managed	1151	1423	1890	2375	2.3	2.5			
Capel-Cure Hallmark Growth	1187	1416	1811	2072	2.3	1.6			
Henderson Bond & Convertible	1025	1168	1442	-	1.3	6.4			
SECTOR AVERAGE	1075	1305	1749	2110	2.1	2.4			
■ International Equity & Bond									
Bank of Ireland Ex Mgd Growth	1121	1504	2053	-	2.0	2.4			
Fleming General Opportunities	1159	1444	1833	-	2.3	3.2			
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Fleming General Opportunities	1159								

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footsie

COMPANIES AND FINANCE

Public offering for 62% stake in offshoot is heavily subscribed

ICI makes £1bn Australian disposal

By Roger Taylor

Imperial Chemical Industries has sold its 62.4 per cent stake in its ICI Australia offshoot for A\$1.2bn (£1bn) in a heavily subscribed public offering.

The international offer to institutions was twice subscribed and has been priced at A\$12.35 a share, a relatively narrow discount of 2.6 per cent to yesterday's closing price of A\$12.70 on the Australian

stock exchange.

ICI said it was surprised at the level of demand for the retail offer, which was three times subscribed. Retail investors qualify for a 40 cent discount and will get shares for A\$11.95.

In addition to the 143m shares sold through the public offering, ICI is selling 30m shares back to ICI Australia at A\$11.95 apiece. A further 12m have been allocated to cover over-allotments.

The sale is part of a £3bn

programme of disposals by ICI to fund its 24.9bn acquisition of Unilever's speciality chemicals businesses, which was completed on Tuesday. It was paid for with an 88.5bn (£5bn) loan, taking net debt to about £5.6bn.

The proceeds from the Australian sale - which were in line with the company's target - will help reduce debt. ICI said it had made a gain of 2475m on the disposal, and analysts said the tax bill should be low.

ICI's interest cover is forecast to remain unchanged at about two times for this year, despite the reduction in debt, because the Australian subsidiary was relatively profitable and because forecast 1997 profits have been downgraded by about a third since the start of the year.

Because of the rise in sterling and Budget changes, pre-tax profits forecasts have been cut from 2475m to about 2350m for this year,

and from 2850m to 2800m next. The chancellor's decision to abolish tax credits for pension funds is expected to cost ICI about £100m this year.

Analysts said ICI's interest cover would not improve until it disposed of its less profitable bulk chemicals businesses such as Tioxide, the titanium dioxide manufacturer.

Tioxide is believed to be next on ICI's list of disposals. It has said the net asset

value of Tioxide is £700m, but analysts have forecast it will sell for about £500m.

ICI said in February that it was planning to float Tioxide, but would also consider selling to a trade buyer, which analysts regard as more likely.

It has not specified which other parts of the group will be sold, but analysts expect it to dispose of its operations in fertilisers, plastics, explosives and petrochemicals.

Tioxide, a French state-owned public transport company, has offered 21.4m (£70m) for London United, the last privately owned bus company in London. The acquisition of London United will make Transdev, a subsidiary of the Caisse des Dépôts et Consignations, the first continental force to enter the UK bus market.

Transdev said the purchase was part of the company's strategy of expansion in Europe. Mr Philippe Segretain, chairman, said the company was also bidding for a tramway project in Nottingham.

London United operates on 40 routes in south-west and central London and has nearly 10 per cent of the London market. For the year to November 8 it had turnover of £25.7m.

Transdev wants control of at least 75 per cent of the bus group. London United's management and its institutional shareholders, which include HSBC Equity, 3i and Singer & Friedlander, have agreed to accept the offer and 70.6 per cent of the company is already committed to Transdev. The management is recommending acceptance of the offer, which closes on August 4.

Enrico Terziano

NEWS DIGEST

Transdev makes London bus buy

Transdev, a French state-owned public transport company, has offered 21.4m (£70m) for London United, the last privately owned bus company in London. The acquisition of London United will make Transdev, a subsidiary of the Caisse des Dépôts et Consignations, the first continental force to enter the UK bus market.

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Enrico Terziano

Two Dogs bites Merrydown

Falling demand for Two Dogs, the Australian lemon drink that sparked the craze for alcopops, knocked back sales and profits at Merrydown last year.

The UK's third biggest cidermaker, which brews Two Dogs for the UK and Europe, cut its final dividend from 25p to 10p as profits for the year to March 31 fell from just over £2m to £200,000. Turnover dropped to £34.9m (£37.1m). Sales to Europe rose from £290,000 to £2.5m as exports of Two Dogs began, but this was more than offset by a halving of Two Dogs sales in the UK.

Since April, Scottish Courage has taken over UK distribution of Two Dogs. Mr Richard Purdy, Merrydown chairman, said Scottish would be investing "significant money" to reposition the brand.

"It has been a huge disappointment to us that it was seen off so badly by the competition," said Mr Purdy. But the brand would pull through with the combination of Merrydown's brewing skills and Scottish Courage's marketing and distribution muscle, he said.

Savings on the marketing costs of Two Dogs, plus some job cuts, would produce annual savings of about £1.7m, but would incur an exceptional charge. *David Blackwell*

Eagles swoop on Sharks

Eagles, which owns Sheffield Eagles rugby league team, has bought a 40 per cent stake in the Sheffield Sharks basketball club. Eagles' strategy is to acquire stakes in other sports clubs. It plans to work with the Sharks in areas such as marketing, sponsorship and merchandising. Eagles will subscribe £40,000 in cash for the Sharks shares. Chrysalis, the media group, will continue to hold half the stock while the share of Mushroom Group will fall to 10 per cent. Eagles and Chrysalis will also subscribe for £150,000 each of new 6 per cent convertible loan notes.

Simon Kuper

Mackie to fill finance post

Mackie International, the lossmaking Northern Ireland-based textiles machinery group, is shortly expected to appoint a finance director with a strong engineering background. The external candidate's arrival would help the group to "get a solid grip on costings," Mr Kenneth McLachlan, chairman, said yesterday after the group sailed through its annual meeting in 10 minutes.

Mackie has had to restate last year's losses at £7.2m, and a first-half loss of about £4m is forecast.

• M&G's Smaller Companies Fund is managed by Mr Richard Plackett, an employee of M&G Investment Management, and not by Abtrust, as reported in Thursday's Financial Times.

David Blackwell

Powerscreen share options

The three executive directors of Northern Ireland-based Powerscreen International, an engineering company, received bonuses and gains on share options totalling £4.9m last year. The three received bonuses of £246,825. This took the total remuneration of Mr Shay McKeown, chief executive, to £553,692 (£403,443). Last year, pre-tax profits rose by 18 per cent to £42.4m.

In addition, Mr McKeown made gains of £1.93m from the exercise of share options, while Mr Pat Dooley, commercial director, made £1.83m and Mr Barry Coagrove, finance director, made £941,200. *David Blackwell*

'Brinkmanship' in F1 talks

By John Griffiths and Clay Harris

Mr Bernie Ecclestone said yesterday that three dissident motor racing teams were "trying to play a bit of brinkmanship" in their negotiations for an equity stake in his Formula One Holdings before its proposed flotation.

FOH, which markets broadcasting rights for the sport, now appears to be aiming to join the London and Frankfurt markets in November, later than some previous estimates. No New York listing is planned because F1 racing lacks a wide following in the US.

Of the "brinkmanship" by the Williams, McLaren and Tyrrell teams, Mr Ecclestone said: "No one has a problem with that. Just ask them if they're going to be in F1 next year, and when they say 'yes', you know exactly what the score is - they don't have a choice, because of their sponsors and engine deals."

Speaking on the eve of the British Grand Prix at Silverstone, he continued: "None of that makes any difference to the company or the flotation. It's a separate issue. The teams have no shares in the company, nor do they have any right to any. But we would like them to participate and there are ongoing discussions."

His financial adviser, the



Geoff Young: strong pound had made imports cheaper 'which benefits our margins'

Prism Leisure up 28% but warns of flat first quarter

By Liz Vaughan-Adams

Shares in Prism Leisure fell 12.4p to 157.4p yesterday, as the group warned that trading was "somewhat flat" in the first quarter.

The UK home entertainment company reported a 28 per cent increase in pre-tax profits to £2.07m on turnover up 30 per cent to £23.1m for the year to March 28. The pre-tax figure included a £10,000 exceptional gain from the sale of Patl Lom-

ond, a board games distributor, and Kidz Biz, an importer and distributor of toys.

The company said it anticipated a charge of £100,000-£150,000 in the first half of this year from setting up its direct marketing strategy. However, Mr Geoff Young, chairman, said he was "confident that revenues from sales will kick in during the second half".

Mr Young said the strong pound had had an impact on

the competitiveness of the company's products in overseas markets, but that it also made its imports cheaper, "which benefits our margins".

Prism announced earnings per share of 20.93p (17.12p) and proposed a final dividend of 5.46p to make a total of 7.19p (5.75p).

Beeson Gregory, the company's broker, shaved £100,000 from its pre-tax profit forecast to leave £3.1m for this year.

Weekend, Page XX

Energy sale

The Energy Group is to sell the power trading parts of Citizens Power, the US electricity trader, to satisfy the regulatory requirements of its takeover by PacificCorp, the US energy group.

Energy has a memorandum of understanding with Lehman Brothers, which sold Citizens for £75m (£127m) in March. The deal, which leaves Energy with the assets, contracts and database of Citizens, is dependent on the PacificCorp takeover going ahead.

RESULTS

	Turnover (£m)	Pre-tax profit (£m)	EPS (p)	Current payment (£)	Date of payment	Dividends corresponding to dividend declared	Total for year	Total last year
Alexander	6 mths to Mar 31	53.2 (59.3)	0.84 (-0.009)	2.1 (-)	nil	nil	-	0.1
Aromatics	Yr to Apr 30	1.86 (2.95)	0.51 (-1.88)	0.51 (0.27)	nil	nil	-	-
Cast Iron	Yr to Feb 28	8.92 (7.27)	0.965 (0.229)	10.58 (2.21)	3	2.4	3	2.4
Demarest	Yr to Mar 30	-	-	-	0.09	July 28	2.4	2.4
Pyramid	Yr to Apr 30	4.06 (2.71)	0.16 (0.02)	2.1 (0.21)	nil	0.09	-	0.09
Forrest	Yr to Mar 31	14.2 (6.23)	8.73 (4.23)	49.1 (7.63)	nil	Sept 22	-	-
Lawrence	Yr to Mar 31	15 (13.8)	2.19 (1.82)	23.77 (20.36)	6.12	5.58	7.77	7.05
Marydown	Yr to Mar 31	34.9 (37.1)	0.821 (2.03)	3.92 (10.83)	1	Oct 2	2.5	4.5
Prism Leisure	Yr to Mar 28	32.5 (27)	2.11 (2.09)	20.93 (17.12)	5.46	Sept 2	4.37	7.18
Sutton Harbour	Yr to Mar 31	2.92 (2.1)	0.466 (0.285)	5.49 (5.94)	2.2	Sept 2	3.4	3.4
Investment Trusts	NAV (p)	Attributable Earnings (£m)	EPS (p)	Current payment (£)	Date of payment	Dividends corresponding to dividend declared	Total for year	Total last year
Aberlour Split	Yr to June 30	348.8 (354.4)	3.62 (2.92)	11.57 (9.41)	4	Sept 5	2.9	10.75
Oilm Convertible	6 mths to June 30	47.8 (74.1)	0.538 (0.693)	3.59 (4.82)	4.5	Aug 29	4.5	-

Earnings shown base. Dividends shown net. Figures in brackets are for corresponding period. *After exceptional charge. **After exceptional credit. [†]On increased capital. [‡]On stock.

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Stet wins bid to operate Retevisión

By Tom Burns in Madrid

Stet, the ambitious Italian telecoms company, yesterday added Spain to its global strategy by winning Retevisión, the country's second fixed telephony carrier.

The win gives Stet, which recently formed an alliance with AT&T of the US and the Unisource European partnership, the licence to operate the state-owned TV signals company as the competitor to Telefónica before the end of the year.

The board of Retevisión said yesterday that a consortium led by Stet and Endesa, the dominant Spanish power group, had beaten off a bid by France Telecom and Sprint, the US operator.

Stet's consortium bid Pta16.3bn (\$786m) for 60 per cent of Retevisión. It will now pay a further Pta4.4bn in a rights issue that will raise its stake to 70 per cent. The consortium, which includes Unión Fenosa, Spain's third-ranked power group, six regional savings banks and a local operator in the Basque Country, plans to invest some Pta500m over the next 10 years to develop its telecoms network.

The government, which

full privatised Telefónica in February, is expected to sell its remaining 30 per cent stake in Retevisión next year. The disposal will give AT&T and the Unisource partners the opportunity to buy into the new operator.

The Retevisión licence is considered a prize because telephone usage in Spain is low by European standards but is growing strongly.

Telefónica's earnings from basic telephone services in the domestic market rose by 16 per cent last year to Pta40.7bn and represented 60 per cent of its total revenue.

The government has set low interconnection fees — the price that the second operator will pay Telefónica for using its lines — to help kick-start Retevisión's business.

The second operator will now have a year to build its services as Telefónica's sole competitor ahead of the total deregulation of the domestic sector in December 1998.

Retevisión should be able to offer aggressive pricing for trunk and international calls and Telefónica believes that it stands to lose around 10 per cent of its domestic market by 2,000.

Siemens disputes debt downgrade

By Graham Bowley

Siemens, the German electrical and electronics group, yesterday hit back after Moody's, the leading credit rating agency, cast doubt on its ambitious expansion and restructuring strategy by downgrading it \$15m of its debt.

Moody's said the move reflected the strain Siemens' push into emerging markets would put on its finances. Siemens was also making slow progress in cutting costs in some core businesses, Moody's said Siemens had

exceptional balance sheet strength and liquidity" but that this would deteriorate in the medium term.

It said: "The gradual expansion of Siemens' business activities into the emerging markets to pursue growth will lead them into areas of fierce international competition with rising pressure on overall margins."

Siemens disputed the decision and the shares were unaffected by the move. They rose DM2.8 to close at DM112.60.

Siemens insisted the company's efforts to raise productivity and cut costs "so far have proved insufficient" to compensate for lower prices of many of its products in emerging and industrialised countries.

Tiny animator takes on Disney

Mainframe Entertainment of Canada creates TV shows at unique speed

When the founders of Mainframe Entertainment started work on their dream cyber-studio, they were forced to work from their kitchen tables. Just a few years later, the fruit of their labour is spilling out of television sets into living rooms around the world.

Little known outside animation circles, Mainframe is the Canadian technology and entertainment company that produces the hit computer-animated television series *Reboot*, about to enter its third season.

Producing 3-dimensional images generated by three British graphics specialists who are the soul of the company, Mainframe can create its shows faster than any other in the business. But with mighty US competitors such as Disney, Pixar and DreamWorks, it has its work cut out to remain a leader.

The detailed facial expressions and human storylines of *Reboot* have excited children in over 50 countries. The series, shown on ITV in the UK, pits human-like sprites and malicious beast-like viruses against each other in the innards of a computer.

But few adults are familiar with the force behind it. When Mainframe shares began trading on the Toronto stock exchange three weeks ago, few analysts had heard of Mainframe, which reported earnings of C\$334,000 (US\$243,120) on revenues of C\$18.7m for the year ended March 31.



The stock price has languished since trading began. That doesn't bother Mr Chris Brough, Mainframe's president and chief executive officer. He prefers to keep expectations low: "I

want to under promise and over deliver. I want to build incrementally," he says.

Mainframe, based in Vancouver, hopes to add another one or two television series to its production schedule this year and sign a movie deal for "The Sign of the Seahorse" a children's story set in a coral reef. The company is in discussions with important movie studios to produce big-budget computer-animated pictures.

But it is Mainframe's success in television that has sparked excitement. Using Silicon Graphic computers to power a combination of commercial and proprietary software, the company can generate detailed, vibrant graphics at its unique speed.

While the producers of the hit movie *Toy Story* took four years to create about 80 minutes of imagery, Mainframe has been producing 16 episodes of *Reboot*, or 320 minutes, in a single season.

The company has produced a second series called *Beast Wars* and has formed strategic alliances with several groups which can help it take its product to the big screen and beyond, including one with Alliance Communications, the Canadian distribution heavyweight.

One of the artists, Mr Ian Pearson, enjoyed international acclaim for creating the computer-generated sequences in the rock group

Fifa seeks meeting on World Cup row

By Frederick Stüdemann in Berlin and Jimmy Burns in London

Fifa, football's world governing body, is seeking a meeting with Kirch, the German media group, and Spors+ISL, the Switzerland-based marketing company, in an effort to defuse a row which is threatening the future of one of the biggest TV sports deals.

The organisation is understood to be increasingly worried that the dispute may split the partnership between the two companies, which jointly won the SFr2.8bn (\$1.93bn) contract for the TV rights of the 2002 and 2006 World Cups.

The dispute arose when it emerged that Kirch had appointed Prisma, a Swiss company set up by former executives of ISL, to market the TV rights for the 2002 and 2006 tournaments. The German group has also taken a 25 per cent stake in Prisma.

ISL last month lost a legal battle against the executives who left the company for Prisma, after claiming they had "breached non-compete" clauses in their contracts by setting up a rival marketing company.

Kirch's appointment of Prisma has been challenged by ISL, which claims the involvement of a third party in marketing the rights would need its agreement and that of Fifa.

Fifa this week warned Prisma it was not entitled to consider it party to the deal.

It emerged yesterday that relations between Kirch and ISL have been strained by disagreement over details of a meeting with Fifa in May over the TV rights.

Mr Dieter Hahn, Kirch managing director, yesterday denied the appointment of Prisma was in breach of contract. "It was agreed that every partner was free to choose who would carry out their duties for them," he said.

Scott Morrison

Thai finance hopes hit

By Ted Sardacke in Bangkok

which limit foreign holdings of finance companies to 25 per cent.

Company executives said CMIC, which has a strategic alliance with Merrill Lynch, would have to raise its registered capital by at least Bt50m (\$17m).

CL Sahaviriyha Finance & Securities said it would sell half its equity to undisclosed foreign partners after French investment bank Crédit Lyonnais sold its 25 per cent stake.

The company will offer to buy more than 51 per cent of the company, pending a relaxation of laws

and Asia Securities of Taiwan had each offered to buy 25 per cent of the company.

Thai Financial is proposing to raise its registered capital by almost Bt1.5bn through the deal.

Country Finance & Securities said it would be taken over by Laem Thong Bank, a small Thai commercial bank, which would take a 51 per cent stake and bring in a group of foreign investors.

Two big companies on the central bank's suspended list, Finance One and General Finance & Securities, failed to make announcements.

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Day 5	Masai Mara, half day game drive, return to Mombasa	Day 12	Tour Mayotte, Comores
Day 6	Fly to Seychelles and embark MS Royal Star	Day 13	Leisure and lectures at sea
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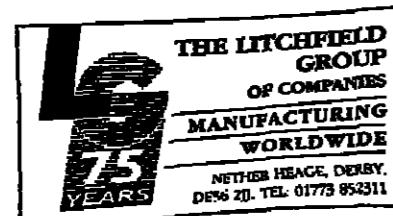
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COMPANIES FT MARKETS

Weekend July 12/July 13 1997

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France cancels sale of Thomson-CSF

By David Buchan in London

France's Socialist government yesterday cancelled the privatisation of Thomson-CSF and said it would find another way of integrating the electronics company into the European defence sector while keeping it under state control.

The move had been clearly signalled by Mr Lionel Jospin, the prime minister, but will still come as a blow to the two rival French bidders for Thomson - the Alcatel telecommunications and engineering group and the Lagardère conglomerate - and to others in the European armaments industry.

The previous rightwing Juppé government, which launched the privatisation last year, had last April barred General Electric Company of Britain from making a solo bid for Thomson-CSF, but encouraged the UK group to team up with French bidders.

Last night's statement from

the prime minister's office said the government had decided to end the privatisation procedure because it "did not preserve the interests of the state, the company or its employees".

It said that "in the coming weeks" it would come up with "an industrial solution" to make Thomson-CSF part of a French professional and defence electronics grouping "with a decisive public shareholding".

Mr Jospin, flatly against privatisation during the election campaign, had recently appeared to waver on the issue, indicating a readiness to pursue the partial privatisation of France Telecom planned by the Juppé regime.

Earlier comments by Mr Jospin that, while refusing to surrender control of state-owned defence companies, he would allow "adaptations" in these companies had kept hopes alive in Lagardère and Alcatel that they might be able to take

a share of Thomson-CSF. But the state could hardly reduce its 55 per cent share in Thomson-CSF much if it intends to keep a "decisive" control.

The impasse over Thomson-CSF, Europe's largest defence electronics group, has effectively blocked the wider restructuring of the European arms industry, itself lagging far behind rapid rationalisation and mergers in the US. The formal cancellation of its sale may now threaten some of the alliances formed around the planned privatisation.

British Aerospace and Daimler-Benz Aerospace had forged closer alliances with Lagardère in order to form a consortium bid for Thomson-CSF. GEC had said it would enter negotiations with whichever company bought control of Thomson-CSF.

France the exception in Europe, Page 7

Christie's set to be top auction house

By Antony Thornecroft

Christie's, the fine art auctioneers, has almost certainly overtaken Sotheby's to become the world's largest auction house after a buoyant first half that saw the auction sales rise 23 per cent in dollar terms (15 per cent in sterling) to \$908m (£557m).

The rise in sales to the highest level since the art market peak in 1990 was largely due to the recovery in demand for top quality Impressionist and Modern pictures. Sales in this sector were 68 per cent higher at \$285m, with a contribution of \$82.5m coming from the collection of John and Frances Loeb at a New York sale in May. This auction provided the top lot of the six months, \$23.1m paid for a portrait by Cézanne of his wife.

Christie's appeared set last year to overtake Sotheby's when its auction sales rose by a fifth to £1.1bn (£1.85bn) while those of Sotheby's declined 4 per cent to £1.6bn. Other sectors to improve for Christie's in the first half were Asian art, up 37 per cent at \$63.5m; 19th century pictures, 26 per cent higher at \$47.9m; and contemporary art, a 14 per cent gain at \$55m. In all, 75 works of art sold for more than \$1m each against 59 in the first half of 1996.

New York has confirmed its position as the leading centre for art sales, accounting for \$520.5m of Christie's turnover. Activity in London was slightly lower, although Christie's South Kensington, which deals in medium priced antiques, increased sales by 14 per cent to \$63.3m. London's status was boosted subsequently by sales at St James's in the first 10 days of July.

They brought in \$4.06m from two chairs and two sofa made by Chippendale to designs by Adam selling for \$5.5m.

The highlight of the second half for Christie's will be the sale of the Ganz collection of 20th century art, the greatest collection of paintings in this sector to be offered at auction, in New York in November. It is expected to bring in more than \$125m.

All those telephone lines and still no communication! The most disturbing aspect of MCI's profits warning is that it took its partner, British Telecommunications, completely by surprise. The two, after all, have seats on each other's boards and are - regulators willing - only months away from a \$2bn merger.

Despite this blow, BT is unlikely to pull out of that merger. Gaining access to the US market through MCI is supposed to be a vital part of its global strategy and the two companies' international product lines are linked through the Concert joint venture. Abandoning MCI would also dub BT short-termist, reducing its attraction to other telecoms partners.

There is a clear case, however, for renegotiating the merger terms to take account of the drop in MCI's value. Extra spending to break into the US local telephone market, coupled with problems in its core long-distance business, will cost MCI an unforeseen \$1.5bn over the next two years. That translates into earnings downgrades of 30 per cent for this year and 45 per cent for 1998. Admittedly, BT's value has also fallen thanks to increased pension costs following the Budget. But the effect on earnings is less than 5 per cent.

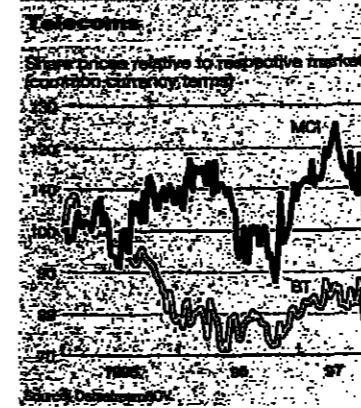
MCI's management is bound to argue that its redoubled efforts in local telephone will give it a lead over long-distance rivals AT&T and Sprint and make it a stronger company in the end. Privately, it may even admit to BT that its estimated losses have been inflated to scare the regulators into action against foot-dragging by the Baby Bells. But none of this should sway BT's management, which has a duty to minimise dilution for its shareholders. After yesterday's share price falls - 15 per cent for MCI, 8 per cent for BT - MCI's price is nearly 15 per cent below that assumed in the merger. And that can no longer be blamed on regulatory risk. BT should insist on shaving the terms by at least 15 per cent.

That should somewhat placate BT investors but it still gives them plenty to mull over. For a start, MCI's management judgment looks questionable. It has completely misjudged the costs of breaking into a new market, while AT&T's warning in March about the difficulties it was experiencing in local telephone seems to have passed it by. Another serious issue is the damaged credibility of BT's management, which

THE LEX COLUMN

Disconcerting

FTSE Eurotrack 200:
2645.1 (+21.2)



round is not likely to be the last. If the American Airlines alliance goes through, further blood-letting is inevitable. This would be a great deal easier if the unions could be beaten into quiescence.

The snag is that such a clear-cut outcome looks far less likely than a fudge. If anything, indeed, BA's rhetoric is softening. Of course, in the end the airline may well be able to claim its £272m savings, together with the contracting-out of catering. But the union will not only, presumably, live to fight another day but it will have demonstrated that it does have real support and can inflict serious damage. It will, in short, have strengthened its negotiating hand in the inevitable battles to come.

Food retailers

Panicky fund managers seeking refuge from strong sterling have been piling into the food retailers. The sector's largely domestic focus has helped it outperform the market by 10 per cent since the Budget. Mostly this reflects investors' defensive mood. But the sector is also seen as being a relative winner from Budget tax changes, while a good trading statement from J Sainsbury has buoyed spirits further.

With the sterling effect still not fully in the market, the default case for buying food retailers remains attractive. But are there other reasons for being positive? Certainly, a welcome air of stability has returned. The big four - Tesco, J Sainsbury, Asda and Safeway - appear to have discovered how to live together profitably: by grabbing margin from the sector's minnows. All four are increasing like-for-like sales, and with only 44 per cent market share between them further gains are achievable. Gross margins are also steady, with the increased portion of high value, non-food items offsetting higher costs from improving service.

Given the sector's accident-prone past, investors would do well not to get over-excited. Much of the roughly 12 per cent discount to the market has been wiped away over the past week. Still, without an out-break of price-cutting recidivism, the sector's relative appeal should provide the rerating with further momentum. But longer term price recovery will require evidence that the more stable industry and economic backdrop is translating into more robust earnings growth.

Chrysler's income halved by strike and competition

By Richard Waters

in New York

The strike at a Detroit engine plant that shut down a number of Chrysler's assembly lines this spring cost the company \$730m before tax, it emerged yesterday.

The effects of the dispute, along with fiercer competition in the US automobile market, led the country's third biggest car and light truck manufacturer to report 53 per cent drop in net income for the second quarter to \$483m, or 70 cents a share - broadly in line with analysts' expectations.

The dent to Chrysler's earnings will be echoed next Wednesday by General Motors, which has already said that strikes have cost it \$490m this year.

Only Ford, which is finally reaping the benefits of a cost-cutting programme and the launch of a range of more prof-

itable models, is expected to record a rise in earnings compared with the same period last year.

In Chrysler's case, the earnings decline came on a \$1.4bn fall in revenue to \$15.8bn.

Even without the strike and other one-off issues, earnings for the period would have been down 12 per cent, reflecting the recent slowdown that has hit new vehicle sales in the US after a strong start to 1997.

This has contributed to greater competition on price, eating into margins. Chrysler's overall after-tax profit margin in the period was 3.4 per cent, down from 6.5 per cent the year before.

The company said the incentives it had used to attract customers cost an average of \$360 a vehicle in the latest quarter, up from \$705 in the first three months and \$625 the previous year.

The huge popularity of the

company's Jeeps has come under attack recently from a new wave of competition in the sport utility market, putting the profitability of its vehicles under more pressure.

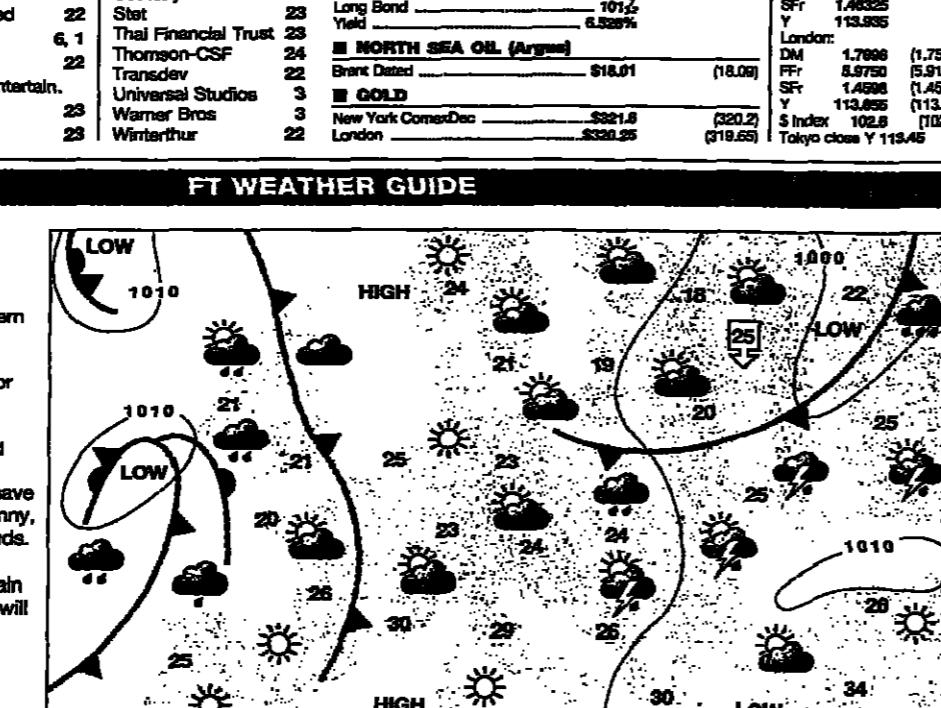
"The market has...become significantly more competitive than we expected earlier in the year," said Mr Bob Eaton, chairman of Chrysler. He added it had taken steps to reinforce its profitability by putting a temporary freeze on hiring, cutting overtime and travel, and delaying some capital spending.

The decline in earnings per share from the previous year was limited in part by the company's heavy share repurchase programme, which has reduced the number of shares outstanding by 9 per cent from last year. The company spent another \$410m on its own stock in the second quarter, adding to the \$570m it spent in the first three months.

The highlight of the second half for Christie's will be the sale of the Ganz collection of 20th century art, the greatest collection of paintings in this sector to be offered at auction, in New York in November. It is expected to bring in more than \$125m.

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Blockbuster Video	23	GEC	24	Prism Leisure	22	FTSE Eurotrack 100	2657.44	(+40.20)																		
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British Telecom	1	Hyundai	5	Rouglié	1	Dow Jones Ind Av	7049.64	(+62.88)																		
CL Sahavirya	23	ICDI	22	Sega	4	S & P Composite	919.19	(+0.44)																		
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Ford	24	Merrill Lynch	23	Winterthur	22	Y	1.69255																			





In a jam

'This year will probably go down in the annals of soft red fruit history as a wash-out.'



A mind unmade-up

'Maybe it's time to sell. But without Body Shop what am I worth? I really need to go into therapy about this.'



Kangaroo land

'The sailors found the shoreline thronged with large, curious kangaroos.'

Four-page focus on Australia

Pages XV-XVIII

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Voyage into the void

For two years, eminent novelist Alan Garner lay paralysed by despair. Then he embarked on a quest to find the roots of his condition

I am illiterate: musically, that is; yet music has always been a necessity. I listen to it, it is never a background, and I could not work if any were being played. And, though I have no favourite, I tend to listen to the same piece over a long time, until something else takes its place.

I had just finished writing an educational film, *Images*, and the music that had coincided with that time was Benjamin Britten's *Serenade for Tenor and Horn*. The combination of horn with the timbre of Peter Pears' voice was seductively lovely. It was the late morning of April 18 1980, and I was listening to that record.

In mid-phrase, everything changed. The horn and the voice were a threat, seductive still, but seducing me with death. I had to switch off quickly and get out of the room.

The next thing I remember is that I was standing in the sunlit kitchen, looking over a green valley with brook and trees; and the light was going out. I could see, but as if through a dark filter. And my solar plexus was numb.

Some contraption, a piece of mechanical junk left by one of the children, told me to pick it up. It was cylindrical and spiky, and had a small crank handle. I turned the handle. It was the guts of a cheap musical box, and it tinkled its few notes over and over again, and I could not stop. With each turn, the light dimmed and the feeling in my solar plexus spread through my body. When it reached my head, I began to cry with terror at the blankness of me, and the blankness of the world.

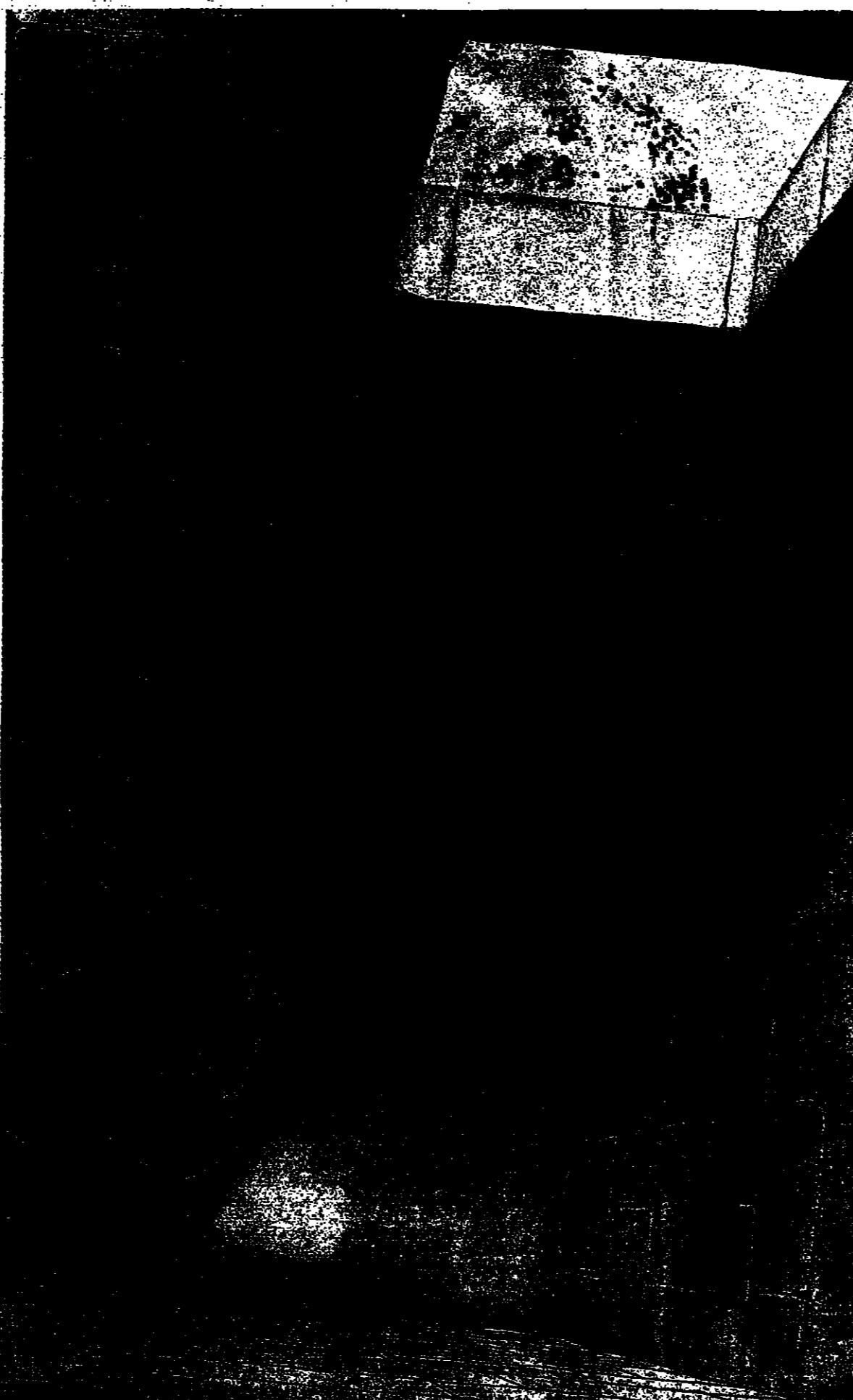
A scene from Eisenstein's *Alexander Nevsky* swamped my brain: the dreadful passage in which Nevsky duels the Teutonic Knights on to the frozen lake and the ice breaks, and their faceless armour takes them under. The cloaks float on the water before being pulled down, and the hands clutch at the ice floes, which flip over and seat in the knights.

All that helplessness, cold and horror comprised me. I was alone in the house, and throughout the afternoon I turned the *tride tride tride* of the broken toy, which became the sound of the ice. My body was as heavy as the armour and the waterlogged cloaks as I slid beneath the ice.

When the family came home, I was lying on the kitchen settle. In a foetal position, without moving or speaking, until I went to bed at midnight. Sleep was unconsciousness without rest until the morning, when I had to face what I now dreaded: the camera and the crew, and speaking into an unblinking lens to communicate with millions of people on the other side of it, to generate emotional energy from my dead heart.

I was incapable of emotion. I had no worth. I potted the planet. I noticed, but did not wonder at, how the finished film showed none of this.

The following year, *Images* won First Prize at the Chicago International Film Festival; but by that time I had spent 12 months of 12 hours each day on the settle, my face to the wall, waiting only for the 12 hours in bed. My small children would, instinctively, stroke the back



though unpleasant, part of a creative process.

There were tough periods during the first six years, but not the bottomless pit. They lasted hours, days, but not often weeks. The importance lay, as I faced the wall from the settle, in knowing that: a) this would pass; b) there was nothing I could do, so I should go with its purpose; c) it would also, having passed, return; d) it would pass.

In 1989, after six years of working and living on this unstable raft, I sensed the ice floes tinkle again. In the dismense, I took myself off to the doctor once more and he asked about the rhythms of my work patterns, checked the encyclopaedia of my medical notes and said: "There has been a misdiagnosis. You are clearly manic-depressive."

I then undertook the via dolorosa of arriving at the correct level of lithium carbonate for my body, the only drug to control manic-depression.

From here I must be careful to differentiate between the personal and the general, because manic-depression is only a simple label for a complex and varied condition. My only qualification for writing is that I have found ways to live a profitable life with a most dangerous and, so far, incurable condition, and I have read the literature.

Dr Jamison found that there was a tendency for creative minds to refuse to continue with lithium. The freedom from the "lows" did not compensate for the loss of the "highs". So it was with me. There was no stress, no grief, no animation, no laughter, no thought, no ideas. I was socially safe and could be taken anywhere. I stopped work. I had no interests. I thought, "If this is normality, give me back my madness." After three months, I refused to continue with the lithium.

However, I started work again, and research for my novel involved me in anthropology: embracing the philosophy of the highly sophisticated so-called primitive society of the Australian Aborigine. They believe that the cosmos is built of nine temporal dimensions, all simultaneously present. Four years into this discipline, I became consciously aware that I had had no manic-depressive episodes.

At one level, I still go through the cycle every 24 hours, but that level is low. Every morning, I go through a depression. It is slight, and normally lasts minutes. But it can threaten worse, so I always check, with a measure of my own devising.

I am amazed that one of the stone flags of the kitchen floor has the fossil footprints of a small dinosaur on its surface. When I feel myself entering the blackness, I look at the footprints. If my reaction is still of awe ("How terrific to have this frozen moment of 200 million years ago still active!"), then I know that the blackness is a railway bridge flicker, not a tunnel.

If the reaction is a panicky: "How can you bear not to be able to move for 200 million years?" I take that as a warning, and apply one of the "primitive" mental exercises concerned with the handling of time. I side-step, as it were, the blackness. I am not complacent.

Contrariwise, if there is reason and it can be appealed to, then everyone may share in the excitement, because the "high" could have produced something new, and good.

It is all a matter of balance. The fortunate manic-depressive invents a device that benefits humanity, discovers a cure (perhaps, one day, for manic-depression, should that be desirable), or creates a work of art. The unfortunate manic-depressive "sees" as does the fortunate, but it is not a true connection, and there is not available, in the degree of insanity, the logic to think out the absurdity. The connection then is more likely to be: "I shall buy 200 lawnmowers and solve the problem of global warming."

The differences are so slight. If you alone can see the "truth", you need good friends who understand that you have "knowledge" that is sad to have to know. I am only a writer, a maker of dreams. You can dismiss me and no harm is done. If I were your lawyer, or your bank manager, it would have been imprudent of me to write this.

Kay Jamison, however, now Professor of Psychiatry at the Johns Hopkins University School of Medicine, having established her position as world authority on manic-depression, wrote *An Unquiet Mind: a Memoir of Moods and Madness* (Picador, 1986), an uncompromising account of her own experience of relentless manic-depression. It is the bravest, and the most hopeful, document that I have ever read.

It made me, after 16 years, dare to put on that record of *Serenade for Tenor and Horn*, and to listen.

■ The Voice That Thunders, a collection of essays and lectures by Alan Garner, is published this month by The Harvill Press, £8.99 paperback, 244 pages.

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Joe Rogaly

School for idealists

'What is doubtful is whether there are enough saints to act as buddies or mentors.'

Page III

True Fiction

The evil shrub

'My doctor says I have floral paranoia. I can't sleep for fear of shrub-strangling nightmares.'

Page XXIV

PERSPECTIVES

To the consternation of the world's climate forecasters, the strange phenomenon of El Niño is back. A huge mass of warm water has built up off the coast of Peru and Ecuador over the past two months, signalling another episode in the periodic - but unpredictable - series of disruptions to the normal circulation of the tropical Pacific Ocean.

It is less than three years since El Niño - the name given to the current of warm water - last appeared. It lasted with little interruption from 1991 to 1994 - an unprecedentedly long period. In previous decades, El Niño has typically lasted for a year or two and recurred every four to seven years. So far, climatologists have had little success in predicting its ebb and flow.

El Niño has its greatest effect on countries bordering the Pacific, although many parts of the world are likely to feel its impact over the coming year.

The western coastline of

When hurricanes hardly ever happen

El Niño has reappeared in the Pacific. But not all its effects are negative, says Clive Cookson

the Americas will be exceptionally wet, with a risk of flooding from California to Chile. On the other side of the Pacific, Australia is threatened by severe drought.

Archaeological evidence from Peru suggests that El Niño has been occurring since about 3,000BC. The Spanish name, meaning "the boy" or more specifically the baby Jesus, was originally given by local fishermen who often noticed the first appearance of warm water around Christmas.

The ultimate cause of the phenomenon is a mystery. El Niño is part of a complex interaction between ocean and atmospheric circulation in the tropical Pacific.

known as the Southern

Oscillation. In the ocean, the overall effect is something like water sloshing up and down a bath that is hot on top and cold underneath, says Mike Davey, an El Niño specialist at the UK Meteorological Office.

The immediate cause of El Niño is a reversal of the prevailing trade winds that normally blow from east to west across the Pacific, just south of the Equator. When El Niño is absent, the winds push up warm surface waters in the region of Indonesia and Australasia, while cold water wells up from deeper levels off south America. As a result, the sea surface is normally about 8°C cooler (and half a metre lower) in Ecuador than in Indonesia.

The cold water is laden with nutrients from the ocean depths and it supports rich fisheries. But it gives the South American coast a generally dry climate, while rising air over the warmer

The Nature of Things

water on the other side of the ocean drenches Indonesia in plentiful rainfall.

When El Niño occurs, the trade winds slacken or even reverse direction. As a result, the circulation no longer supports the upwelling of cold water off Peru and Ecuador - and the fish die of starvation or migrate south to Chile. Ocean surface temperatures rise by several degrees, feeding moisture into clouds that soak the Peruvian coast.

Meanwhile, the changing wind directions reduce rainfall on the other side of the Pacific. There is a strong correlation between El Niño and severe drought in Australia and Indonesia.

At the opposite extreme of the Southern Oscillation is La Niña (the girl). Then the easterly trade winds intensify and even colder water wells up off the south American coast. The meteorological effects of La Niña are

According to the US National Oceanic and Atmospheric Administration, the worldwide economic cost of the 1982-83 El Niño - the most intense on record - was at least \$8bn (£5bn). Peru was hit hardest, with economic output cut by 12 per cent through destructive flooding and the collapse of fish stocks.

No one knows whether global warming - caused by human activities, particularly the burning of fossil fuels - will produce more frequent and more intense El Niños, though some climatologists believe so on the basis of computer modelling.

However, there is definitely a converse effect, at least in the short term: El Niño temporarily increases the average global temperature by pumping more heat out of the tropical Pacific. It would not be surprising if this effect, on top of a general warming trend, made 1997 and/or 1998 the warmest years for the world as a whole since records began in the last century.

Minding Your Own Business

Head in the clouds, feet on the ground

From its base in Milton Keynes, SuperSkyTrips plans to take on the world. Its founder tells Angela Bleasdale of his lofty ambitions

Forget paragliding, rock-climbing or that ultimate in adrenaline rush, the bungee-jump. Those in search of a bird's eye view without the daredevil heroics should take a more leisurely ride to the skies. Not surprisingly, Robert Ollier suggests his company has the answer. He is managing director of SuperSkyTrips, which operates the UK's first - and, he claims, the largest - tethered passenger balloon.

Ollier's enthusiasm for ballooning began more than 15 years ago while he was marshalling at an RAC car rally. A hot air balloon appeared from behind a hedge, enormous and incongruous but instantly alluring. "I rushed off to the library to find out more, discovered there was a balloonist living close by - and it all started from there. It developed into a passion."

The passion has developed into SuperSkyTrips, an adventurous business that started trading in Milton Keynes, Buckinghamshire earlier this year from a parkland site near the town centre.

The helium-filled balloon, which can carry 30 passengers 650ft into the sky, has been designed and built by Per Lindstrand, crew member, designer and builder of Richard Branson's Virgin Challenger.

The idea of a tethered passenger balloon is not new - the first such balloon was hydrogen-filled and invented in 1867 by Henri Giffard, a Frenchman, for the great Paris Exhibition. But hydrogen was problematic because of its highly explosive nature.

Helium-filled balloons have been around for quite a while; the Ministry of Defence funds the Metereo-

logical Office balloon at Darlington, Bedfordshire, for low-level weather research.

But Ollier says helium-filled tethered hot-air balloons have been difficult to control in the past. "What we have got here is a modern, passenger-friendly version," he says.

Ollier has held a commercial ballooning licence since 1987. He has always worked for himself, for many years in the construction industry, but for the past 10 years has piloted hot-air balloons across Europe carrying spon-

"We have sites in Athens, Kuala Lumpur and Madrid and will provide management teams"

sored advertisements for companies such as British Airways and American Airlines.

Ollier is the only company with experience in ballooning. Stafford Pemberton, consultant on the project and a good friend of Ollier's, comes from a marketing background. Ollier and his wife Fiona, the company secretary, own 70 per cent of the company and are its only two directors. Pemberton does not receive a salary but owns the other 30 per cent in return for his marketing expertise, project management and business development.

The balloon will be sited in Milton Keynes for six months through the summer season; Ollier hopes to open other UK balloon sites this year, including Blackpool before the end of the summer season, and London.

Milton Keynes may not seem the obvious site for a major tourist attraction but, says Ollier, it is close to the M1, so the balloon is seen by many people every day, it has good rail links and is in the middle of a huge conurbation. "We tried initially to get into major cities with a strong tourist base but planning authorities were overly cautious. All we had to show them were drawings," explains Ollier.

Milton Keynes, on the other hand, liked the idea that it would be the first town to have a tethered balloon ride.

"We operate on average four trips a day and hope for 55,000-70,000 customers over six months. Rides cost £10 per adult, £8 for senior citizens, £6 for children, and last for 15 minutes - five minutes each for ascent and descent. We offer group and family discounts, and corporate days. There is no age restriction," says Ollier.

The venture has required a significant financial outlay. The Milton Keynes site has cost around £200,000 to establish - the balloon was the largest single cost at £245,000. The company employs 10 people, four part-time, most of whom work on site. But Ollier is confident of a projected £1m turnover in the first year, reaping a 20 per cent profit.

He has covered one-third of the costs himself with the other two-thirds coming from a private investor who, after two years, will receive interest competitive with bank rates - but there are fewer strings attached to the financing than would have been incurred through a bank loan."

Setting up the company has been a necessarily slow process, from obtaining certification to fly from the Health and Safety Executive, to the manufacture of the balloon and finding leisure sites large enough to accommodate it. The inflated balloon stands 120ft high, is 75ft in diameter and has an internal volume of 6,000 cu m.

It is constructed from heavy canvas-like fabric and the seams, rather than being sewn, are welded together. Ollier says it has a high resistance to ultraviolet damage because it is coated with Tedlar, a Du Pont product. The passenger platform, suspended beneath the balloon, is made of aircraft-standard stainless steel.

The balloon is tethered to a hydraulic winch, which is powered by electric motors hidden underground. It controls the speed of ascent and ensures that what goes up does come down.

After testing by Lindstrand at his factory site in Oswestry, Shropshire, and a test flight at an old submarine hangar at the Cammell Laird shipyard in Birkenhead, Merseyside, SuperSkyTrips received a flight ride certification.

The National Association for Leisure Industry Certification, appointed by the HSE, carries out random checks on the balloon and SuperSkyTrips has to maintain a daily log book. It is insured for up to £25m against all risks including passenger liability, though "we were seen as a low risk because the balloon is static," says Ollier.

There are, however, restrictions on its use. Weather is the biggest limitation. "We have on average 20 flying days a month in the UK. We can't fly in electrical storms but the balloon is safe in winds up to 25 knots and in rain," he says.

has been a necessary slow process, from obtaining certification to fly from the Health and Safety Executive, to the manufacture of the balloon and finding leisure sites large enough to accommodate it. The inflated balloon stands 120ft high, is 75ft in diameter and has an internal volume of 6,000 cu m.

Milton Keynes may not seem the obvious site for a major tourist attraction but, says Ollier, it is close to the M1, so the balloon is seen by many people every day, it has good rail links and is in the middle of a huge conurbation. "We tried initially to get into major cities with a strong tourist base but planning authorities were overly cautious. All we had to show them were drawings," explains Ollier.

Milton Keynes, on the other hand, liked the idea that it would be the first town to have a tethered balloon ride.

"We operate on average four trips a day and hope for 55,000-70,000 customers over six months. Rides cost £10 per adult, £8 for senior citizens, £6 for children, and last for 15 minutes - five minutes each for ascent and descent. We offer group and family discounts, and corporate days. There is no age restriction," says Ollier.

The venture has required a significant financial outlay. The Milton Keynes site has cost around £200,000 to establish - the balloon was the largest single cost at £245,000. The company employs 10 people, four part-time, most of whom work on site. But Ollier is confident of a projected £1m turnover in the first year, reaping a 20 per cent profit.

He has covered one-third of the costs himself with the other two-thirds coming from a private investor who, after two years, will receive interest competitive with bank rates - but there are fewer strings attached to the financing than would have been incurred through a bank loan."

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result, the circulation no longer supports the upwelling of cold water off Peru and Ecuador - and the fish die of starvation or migrate south to Chile. Ocean surface temperatures rise by several degrees, feeding moisture into clouds that soak the Peruvian coast.

Meanwhile, the changing wind directions reduce rainfall on the other side of the ocean drenches Indonesia in plentiful rainfall.

When El Niño occurs, the trade winds slacken or even reverse direction. As a result, the circulation no longer supports the upwelling of cold water off Peru and Ecuador - and the fish die of starvation or migrate south to Chile. Ocean surface temperatures rise by several degrees, feeding moisture into clouds that soak the Peruvian coast.

At the opposite extreme of the Southern Oscillation is La Niña (the girl). Then the easterly trade winds intensify and even colder water wells up off the south American coast. The meteorological effects of La Niña are

opposite to those of El Niño: flooding in eastern Australia and drought in Peru. But this phenomenon is not so common: La Niña last appeared strongly in 1988-89.

El Niño affects the global atmospheric circulation and influences weather well away from the Pacific. Most but not all of the effects are negative.

One good thing is that El Niño reduces the number of destructive hurricanes in the Caribbean region, says Mark Saunders, a climatologist at University College, London.

This is because high-level westerly winds blow more strongly from the Pacific into the Atlantic, shearing

the tops off storm clouds before they develop into full-scale hurricanes.

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Joe Rogaly

Why idealists need to go back to school

Social improvement is no longer the responsibility of the state; we are left to fend for ourselves

Britain is to have a new type of business school. Its graduates will be social entrepreneurs. This comes just in time, for we are marching backwards in step with the United States towards a Victorian future.

We know what lies in store: the survival of the successful. Fail, and you are nothing. Work or with. This is the consequence of measuring success in cash terms. What counts is earning power, the bottom line, accumulated wealth. We are piling up outcasts as we churn out multi-millionaires. Some of us spread our hands and say such is the way of the world.

Happy, it is not, or not quite. The use of energy and talent to serve others, to rescue failures, adds value whenever it happens. To the extent that this is recog-

nised, experience as a social entrepreneur is worthwhile. It does not, however, answer the question, why do they do it? We think we know what drives an entrepreneur. Motives may be mixed, but somewhere in there lies a strongly felt desire to get rich. We are less certain of what drives a social do-gooder, unless it be religious feeling or a genetically implanted sense of service. Put the two definitions together and you have the social entrepreneur. As to his or her motivation: we are bemused.

Perhaps the most famous social entrepreneur is Prince Charles. He is the force behind Business in the Community, which helps young people succeed. John Bird is of the same ilk. He gave homeless individuals *The Big Issue* magazine to sell on the streets.

Another originator, Des Wilson, created Shelter and so planted homelessness in the bourgeois conscience. Jane Tewson started Comic Relief. Peter Benson perceived the potential for the campaigning organisation that became Amnesty International, an irritant to governments everywhere. These people are all eligible to be anointed knights who ran against contumacious villains.

On Thursday Michael Young, perhaps the most innovative thinker-up of socially useful projects of the past half-century, announced the establishment of the "School for Social Entrepreneurs". The 61-year-old Lord Young of Dartington gave us the Consumers' Association and Which? magazine in 1957. He has been churning out similarly benevolent schemes ever since. His

new project's address is 18 Victoria Park Square, London E2 9PF, fax 0181-981-6719.

Lord Young's sixth child is 16-month-old Gaila. The planet after which she has been named will need strong-minded reformers like her father. The outlook is tough. Starting in the US in the 1980s, the retreat from government continues. Communities are being dissolved by market forces; "community" is an abstraction.

The power of large companies grows by the day. We are beached, left to fend for ourselves. Elected politicians, anxious to reduce regulation, are unwilling to increase taxation. Social improvement is no longer the responsibility of the state.

Tony Blair likes to remind us of this. In a speech last month the new Labour prime minister

praised social entrepreneurs as "people who bring to social problems the same enterprise and imagination that business entrepreneurs bring to wealth creation". He might have added that they cost the national budget nothing. Mr Blair has high hopes of "people on every housing estate who have it in themselves to be community leaders... the person who sets up a leisure centre... volunteer members for young people coming off unemployment..."

These are the mom and pop shopkeepers of the social entrepreneur business. As small-time operators they might benefit more from deregulation than formal training. A report due on Monday suggests that in many small and medium-sized organisations volunteers are being led by professional staff, or replaced

by salaried recruits. Demanding business skills may turn good people away. *Very Active Citizens* comes from the Joseph Rowntree Foundation (01904 622241, or www.jrf.org.uk).

It is tempting to put the above pieces together, hand out the rose-tinted spectacles and proclaim Gaila safe. There is certainly a kind of young person who for reasons of temperament or ethical sensibility would not go near a private company or a traditional business school.

This is not, apparently, a consequence of the arrival of the National Lottery. It must, therefore, reflect contemporary values. Greed and self-interest prevail, but not absolutely. There are still idealists around the place. They could do with a school for survival.

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there are enough saints to get round all the wards, comfort all the patients, care for all the toddlers, act as "buddies" or mentors for all those hooked on drugs or permanently unable to find jobs, inject the spirit of can-do into poor souls who somehow can. Just the other day, the Institute for Fiscal Studies reported that charities face a long-term decline in the number of donors, with the biggest fall in households headed by 20 and 30-somethings.

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asked, that she might be spreading herself a bit thin? Not in the least, she said. Does she, I persisted, prefer anyone from the third world to her own kind?

"I have a real anger about people with money who do nothing. Like the guy who bought half the Body Shop in the early stage. This guy is rolling in it, right? He spends it on his yacht."

She suggested we share a pudding, and as we alternated spoonfuls of lemon flan she asked me which companies I admired, interrogating me as if I was the closest thing to someone

'I will not have the company straitjacket me. The minute that happens I'm out of here'

from the mainstream she had come across for a long time. I started to list all her least favourite multinationals, and also mentioned Marks and Spencer and its chairman Sir Richard Greenbury.

"Who is he?" she asked again. This time she was surely having me on. But her expression suggested she really had never heard of the UK's most successful retailer.

We got up to leave, and I was surprised to see that she is tiny.

We walked a block or two together, she said goodbye warmly, gave me a half hug, and raced off to meet a man to talk about making a special Body Shop CD featuring music from all over the world.

Photograph: Fergus Wilson

Anita Roddick: 'Do you know what stops me from selling? A feeling of intimacy with the people I work with; it's a juicy creative stew'

Lunch with the FT

Reading the face of the woman with light foundation

Britain's best known businesswoman contemplates selling Body Shop and gives Lucy Kellaway advice on teenagers and other things

Barely five minutes had passed since Anita Roddick had walked into the scruffy, Soho restaurant, Andrew Edmunds. But already the battle lines were drawn.

She had ordered an elderflower water, and I had mentioned in passing that Howard Davies had also chosen to eat at the same restaurant for his *Lunch with the FT*. She looked blank.

"Who's he?" she asked. I explained that he was the deputy governor of the Bank of England, but Britain's best-known businesswoman continued to look vague.

"Is the chairman there? A shorter guy - not very charismatic?" she asked. "I had a debate with him once. I was not impressed by his repetition of old thinking. He lacked antennae."

I said antennae were not desirable in a Governor of the Bank of England.

She leant across the table. "Yes, but wouldn't it be great if he could reflect the zeitgeist?"

And so our roles were set. I was to be the champion of Eddie George and all other old thinkers. She, meanwhile, was to be the creative idealist: firing off in all directions, ill-informed, romantic. So far, so predictable. You only need glace at her weekly column in the *Independent on Sunday* - protesting about plutonium, food additives, gushing over indigenous peoples the world over - to get the measure of her interests.

Less predictable, though, was Anita Roddick herself. For a start, the small pretty woman with the big hair seemed easy going: she was smiling, laughing even.

This was not what I had expected. In the past few years I have received two humorous letters from the founder of the Body Shop complaining about things I had written. In my view, the Body Shop was somewhere that sold sickly-sweet con-

fections with designer ethics attached. Clever but cynical. Yet if there was a cynic present at our rickety window table it was certainly not her.

"I love food," she said warmly. "It's life, isn't it?" "I'm going to start with artichokes," she declared as the waiter approached. "No, I'm not! I don't like artichokes."

She was to be the creative idealist: firing off in all directions, ill-informed, romantic.

Eventually she chose something called halumi, followed by aubergine and wild rice cake. I ordered broad beans with ham and tuna risotto.

How does she get so much energy, I wondered. As running the Body Shop she travels the world championing the causes of exploited people everywhere. She writes a weekly news-

said, suddenly choosing to confess her failings as a mother.

"I wasn't sensitive to what she needed. My kids remember all the emotional blackmail. We were so modern there was nothing for them to fight against. They used to say: why aren't you a real mum?"

She went on to advise me on how to deal with teenagers. "Be wild, eccentric. Take them out at midnight and go walking and pretend to be wild animals." Being a wild animal was not really my thing, I protested.

She took a bite of the halumi which turned out to be fried cheese and not altogether to her liking. She pointed at my dish. "It was the bloody beans that put me off that," she said, speaking with her mouth full.

"You know, Lucy, you know what? My mum used to say that when you are in your 30s it's the house, the kids that matter. When you are in your 40s it's eliminating the shits from your life - not seeing who you don't want to see, and not going where you don't want to go. When you are in your 50s you tend to be more reflective. You look back and think: what have I done?"

The words make you cringe. But the expression was sincere. "My daughter is always angry with me," she

said, suddenly choosing to confess her failings as a mother.

"My response to media questioning has never been that intelligent. I tended to say: up your bums - this is what we are going to do."

More alarmingly she feels that her company is drifting away. "The average age in the company is 29 or 30. I can't get the young to do anything adventurous. They always think of the legal consequences. We are so frightened of being told we are vainglorious or exaggerating."

"But I will not have the company straitjacket me. The minute that happens I'm out of here," she said finally, shaking her head.

Is there any danger, I

that stops me from selling? It's a feeling of intimacy with the people I work with. It's a juicy creative stew. It would be cutting an umbilical cord. I'd never be free of it, wherever I go I'd see a Body Shop and think: what have they done?"

And suddenly she was her normal self again, telling me about the exciting schemes she is working on, the new store designs, the idea of giving customers massages in the shop.

She wiped a speck of food off her cheek, smudging her light foundation. "Frigging make up," she muttered.

Anita Roddick knows that a lot of people are against her. But these days she has the grace to blame herself. "My response to media questioning has never been that intelligent. I tended to say: up your bums - this is what we are going to do."

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"But I will not have the company straitjacket me. The minute that happens I'm out of here like a bat out of hell. Ough!" - she gave a strangled cry.

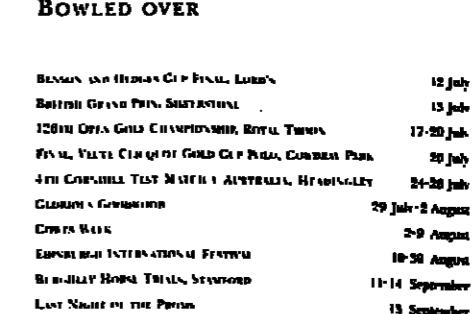
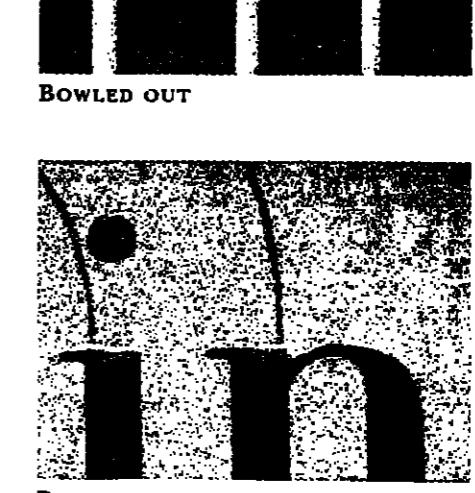
Her main course did not seem to be cheering her up. She had eaten the aubergine, but was picking at the slab of brown rice.

She asked if she could taste mine, and with her bread she started mopping up the tasty juices left on my plate.

I was just beginning to feel sorry for her when she embarked on a rant that risked losing her audience. In just five minutes she jumbled together globalisation, rising poverty, falling job security, technology, the myth of China, Mexico, India, Nafta, vigilante consumers and the virtues of

protectionism. "I don't know what the answer is," she said finally, shaking her head.

Is there any danger, I



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PERSPECTIVES

South of a town called Fier, bandit country begins. Villagers protect their settlements with concrete bollards and felled trees. Nothing moves on the deserted, pot-holed roads except farmers with horse-drawn carts and the occasional car bristling with guns.

Nothing, that is, except us – two journalists, an interpreter and a driver – hoping somewhat naively to get to the rebel town of Vlora and meet the bandit Sultan Zani in the run-up to Albania's chaotic elections.

We didn't get far. From the opposite direction a car with four armed men approaches and blocks our path. "Are you going to see Zani?" snarls a man with a Kalashnikov poking through the window.

Breaking the first rule of the gangsters' code of the road, our driver Berty steps on the accelerator and we speed off. A screach of tyres and the gunmen give chase.

With the speedometer of our ancient Mercedes climbing to its maximum, we hurtle towards the hoped-for safety of a bridge where Italian troops of the "multinational protection force" often

man a patrol. It is, of course, deserted and we are soon overtaken by our pursuers in their new Escort.

The man with the Kalashnikov orders us out into the road. One of his mates pulls a hood over his head, giving him the air of an executioner, and cracks his gun.

"Ah, those were Kakami's boys," says the pump attendant, marvelling at the foolishness of these foreigners who hoped to cross unguarded the territory of the man nicknamed "the stammerer", a gang leader well known for his links with the rightwing party of President Sali Berisha and for a turf-war with the pro-Socialist Zani.

Only recently, the pump attendant says, Kakami's men conducted their own form of election campaign by kidnapping the pro-Socialist village mayor.

Dousing him with petrol they threatened to torch him unless

from the Los Angeles Times.

We walk on past ripening fields of corn, overtaken by a farmer driving his pony. He chuckles his sympathy and cracks the reins in a hurry. Eventually we reach a petrol station in Novosel.

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Dousing him with petrol they threatened to torch him unless

his family paid a \$12,000 ransom. Of course the village has no telephone, the pump attendant says. At this point a bearded Orthodox priest materialises and offers to help. He disappears and

men lounge around, polishing guns and filling bullet clips, women hang out washing and children play with dogs. A sign says "Vital Import-Export" and features cartoon sketches of a frog, snail, eel and prawn.

"Yes, they poured patrol over me twice," says the mayor. "I don't want to talk about it. It was a misunderstanding. They said 'Sorry, we had the wrong information and let me go after villagers who loved me paid the ransom.'

Now we set off with an armed escort in a van stinking of fish and frogs – Vital exports them to Italy just across the Adriatic. Just up the road we are handed over to a well-dressed businessman and his bodyguards, two fully kitted-out riot policemen. They are fiercely defensive of the president as "an honest man, a man of the law".

"They should have passed a law to ban Fatos Nano," says one policeman with a special regard for the due legal process. He describes the Socialist party leader contemptuously as a "communist thief".

Before long another screach of

tyres signals the arrival of the nameless "negotiator". Only later do we learn that he is a policeman with ties to the president's "establishment". Come back in a few days, he tells us.

After several days – and true to his word – we get a call from the mayor. Berty is handed a letter which contains only the words "Give it back" and travels to a remote village that once served as a communist labour camp.

Angrily and with obvious reluctance, the bandits hand over the Mercedes plus – for a payment of \$200 – the satellite phone, which they admit they do not know how to use. The gunmen again pronounce their hatred for the Socialist Zani but deny any links with the president's Kakami.

"We're the Cerkovina gang. Kakami doesn't do cars," says one.

"Department Seven of the EU police liaison council," he said, in a monotone, "is mainly concerned with big-scale, inward crime. By inward crime we mean significant intrusions into EU territory by outside – non-EU – criminal organisations. OK?"

"Sure."

"Now. Misdirected by early media reports of Mallalieu's death, you have assumed and implied, in your inquiries to date – especially in calls to the Metropolitan Police; to former Kroll colleagues in London and elsewhere; and to western and Russian media personnel in Moscow – that Zhuruvsky is an associate of Moscow criminal elements, and that on their behalf he laundering money via London."

I was flabbergasted. To stay calm, I concentrated on the face of Lumberjack Jr at the next table, who started to look encouraged. I turned back to Concannon.

"Now," he continued. "In all these assumptions, you are 100 per cent wrong, Miss Astor."

"Jane."

He ignored me. "As a businessman, Zhuruvsky is ingenious, even devious. But he has never been charged by the Moscow police with any act of wrongdoing, nor is any charge pending or envisaged. Clear?"

"Oh, yes."

"My interest in Zhuruvsky is the interest of the EU police liaison council," Concannon continued. "Not only is Zhuruvsky an important Russian businessman; he has also been helpful, on occasion, to us." He was now speaking extremely slowly: tiptoeing on eggs. Lumberjack Jr tried to catch my eye. I ignored him.

"Now," said Concannon. "Zhuruvsky is displeased by the defamatory insinuations you have been expressing. He is not planning legal action but he wants to meet you, to clear things up."

"Excellent," I said. "Ditto myself. I am planning to go to Moscow to waylay Zhuruvsky. Time for a chat, I feel."

"In Moscow," said Concannon, "you would not get within a mile of him. But do not despair, Jane." He gave me a thin smile. "Zhuruvsky will come to you. Not to London, as it happens, but in some days' time he will meet you in Scotland. He is visiting Culoden Moor – yes, the Jacobite battlefield. Do not ask why: it is not my affair. But do not miss out on this. Zhuruvsky says he will fax you the details. Nice to have met you, Jane. Try to keep safe."

With that, he departed.

The Mallalieu case was becoming extraordinarily weird.

I breathed deeply, closed my eyes, lit a cigarette, blew another perfect smoke-ring. It drifted sideways, towards Lumberjack Jr.

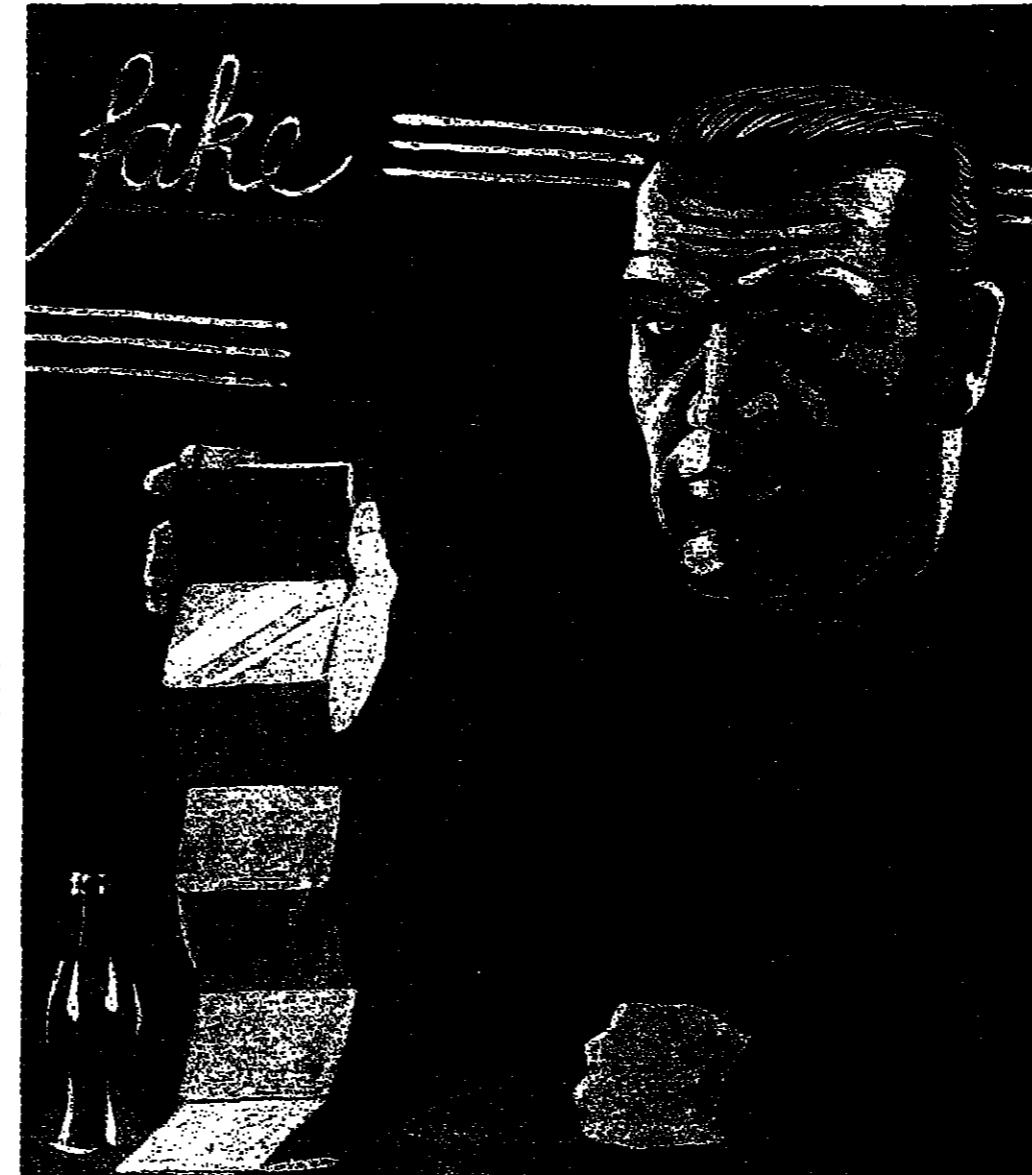
But then, in a violent swirl, it disintegrated and vanished.

I was losing control of things.

... TO BE
CONTINUED

Chapter Five of FAKE will unfold in next Saturday's Weekend FT

All of the main characters are fictitious



Julie's secretary since before he split with his wife. She says the

Mallalieu's separation was caused by Robert's affair with one of the deputy managers, someone called Lucy. But that ended years ago. Lucy got married and left the firm. After that, Mallalieu had affairs sometimes, but very low-key. Julia says that Concannon would meet me at The Prince Bonaparte pub in Notting Hill, a venue popular with today's equivalent of the yuppies of yesterday. It is not my sort of place. There are too many wannabees: too much YSL, DKNY and Issey Miyake; too many T-shirts with corporate logos; too many Q shades, sports bras and rebel belts.

But it's very, very noisy on a Friday night. That was the point. I had been told to find a table at the back of The Bonaparte at 9.30pm. Yet Concannon was an hour late, and did not apologise.

I had assumed he was a member of the London Metropolitan Police: associated in some way with the murder squad investigating Robert Mallalieu's death. But he wasn't. Concannon showed me a folder's worth of ID, and explained that he was a former Metropolitan officer still based in London but now attached to Department Seven of the Paris-based European Union Police Inter-Force Liaison Council (EUPIFLC), of which I had never heard.

I scanned his ID again. Then I scrutinised Concannon: forty-something, grey suit, bad tie, square face, eyes like a badger's.

told me Robert played around a lot." I studied Paul. He was yawning, but he was also listening closely.

"We seem, Paul, to have a discrepancy here. Elizabeth Mallalieu says one thing while this strawberry creature Hardson contradicts her. But I doubt it's a problem. The Mallalieu separated 14 years ago. By the time Robert was murdered he must have been a leopard who'd lost all his spots. It'll happen to us all, or so I shouldn't wonder."

"Speak up," I said.

"Julia says she'd been Mallalieu's secretary since before he split with his wife. She says the

Mallalieu's separation was caused by Robert's affair with one of the deputy managers, someone called Lucy. But that ended years ago. Lucy got married and left the firm. After that, Mallalieu had affairs sometimes, but very low-key. Julia says that Concannon would meet me at The Prince Bonaparte pub in Notting Hill, a venue popular with today's equivalent of the yuppies of yesterday. It is not my sort of place. There are too many wannabees: too much YSL, DKNY and Issey Miyake; too many T-shirts with corporate logos; too many Q shades, sports bras and rebel belts.

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BOOKS

Evolution of a life's work

Ian McEwan welcomes a collection of essays by the eloquent ecologist E.O. Wilson

In Robert Wright's book *The Moral Animal*, there is a photograph of a poster advertising a lecture by E.O. Wilson in 1984. Students are urged to bring "noisemakers" to drown out the "prophet of right wing patriarchy" and no doubt they did a righteous job. Throughout the 1970s and 1980s, there was an orthodox and deep resistance to the notion that we have a nature, that it is shaped by evolutionary pressures and that it can be described scientifically; biology shapes our culture and, reciprocally, our culture affects biological evolution by creating the social environment in which genes are tested by natural selection.

The students would have rattled and blown their noisemakers when they heard Wilson say that in all hunter-gatherer societies studied, men have dominance over women. They therefore would not have been able to hear him warn against the naturalistic fallacy in ethics, of arguing that what is should be. Nor

IN SEARCH OF NATURE
by E.O. Wilson
Penguin £16.99, 214 pages

would they have heard him advise that what may have been advantageous to our Neolithic ancestors could be disastrous for us now, and that "human nature can adapt to more encompassing forms of altruism and social justice".

Broadly, since then, the neo-Darwinists have carried the day. The cultural determinism of the social sciences is yielding to a more complex view of the "co-evolution" of genes and culture. Journalists, as well as dinner party guests, routinely assert that we cannot know what we are without knowing what we were. The penetration of evolutionary thought into numerous fields of study, including linguistics, philosophy, town planning and neuroscience, is one of the most striking intellectual developments of recent times.

Wilson has been by far the most eloquent and consistent of the scientists urging this transformation. The abuse and wilful misrepresentation he has suffered leave no trace of bitterness or triumphalism, and this collection of essays is an excellent introduction to the linked themes of a life's work.

Above all, he is a biologist and ecologist. His passion is for the social insects, particularly the ants, subject of a masterful and definitive treatise he wrote with Bert Hölldobler (*The Ants*, Springer Verlag £103, 732pp). This vast and fabulously illustrated book is extremely expensive (a fine gift for the loved one who has everything) so it is useful to have the two short essays in *In*



Search of Nature introducing us to "social life as it might evolve on another planet". In evolutionary terms, we parted company from ants 600 million years ago. They are the dominant little-sized creatures of the planet and their success is due to the fact that their social organisation gives them great competitive advantages.

Wilson's *tour d'horizon* of these ruthless totalitarian worlds includes accounts of communication by way of complex chemical secretions which biologists have decoded, and of warfare; whereas humans send their young men into battle, ants send their old women. A certain fight over dunes explodes kamikaze fashion, destroying several enemy ants with toxic substances – an excellent trade-off in Darwinian terms. Elsewhere, he describes how elaborate food and liquid sharing proce-

dures bind a colony. Where tens of thousands of ants are closely related sisters, altruism obviously makes sense; self-sacrifice will ensure the continuance of shared genes.

The four essays in the sociobiological section also provide a good summary of the arguments advanced in *On Human Nature* (Penguin, £7.99) a superb book that should be more widely known. Wilson is most emphatically not a biological determinist. The dualism of the old and stale nature/nurture debate has been irreversibly transformed by his thoughts about the manner in which genes and culture reciprocally shape each other; and we and our ancestors have lived in social groups for so long that society must be considered part of the environment that prompts natural selection.

Wilson is happy to concede that social evolution is more

cultural than genetic, but the commencement address of his professorial termite (printed below) wittily demonstrates how parochial it is to insist on the universal and transcendental nature of values that clearly have a biological root. Culture is ultimately a biological product.

Two closely related strands of Wilson's preoccupations have been biological diversity and the environmental ethic, and they form the closing section. Those who have not read his ecological masterpiece, *The Diversity of Life* (Penguin, £8.99) will be able to sample for the first time, in miniature, the passion and command with which he describes the frail beauty and interconnectedness of living systems. The final essay in *In Search of Nature*, chillingly entitled "Is Humanity Suicidal?", describes a

appalling extent of our impact on the biosphere, but it also offers wise and slender hope.

So far about 1.5 million species of organism on earth have been described. We simply don't know how many species actually exist, but the number is thought to lie somewhere between 10m and 100m. The organic world around us is still largely unexplored, and if we are successfully to oppose our own destruction of it, we need above all, Wilson argues, to forge an environmental ethic, one that is not limited to the utilitarian potential of wild species, or gets tangled in arguments about their rights, but insists instead that the diversity of life has innate aesthetic and spiritual value.

At the heart of this passionate plea is biophilia, Wilson's hypothesis that we have a powerful emotional

affiliation to other living organisms, derived from the fact that for nearly all of human existence people have lived in hunter-gatherer bands, intimately involved with animals and plants.

The idea has, as yet, no scientific grounding but I am intrigued by it since I find myself occasionally impelled to hike into countryside that resembles the open savannah where our ancestors evolved. The hypothesis has profound cultural implications, since biophilia is said to mediate our responses to nature, landscape, art and myth, and as such it returns us to one of the central and lifelong projects of this most sagacious and lucid of scientists; to deploy biology in the understanding of human nature in order to restrain or divert us from a destructive nature that would be ultimately suicidal.

shaped by our genes and that our ethical precepts simply reflect the peculiarities of termite evolution. They assert that ethical philosophy must take into account the structure of the termite brain and the evolutionary history of the species. Socialisation is genetically channelled and some forms of it all but inevitable. There is such a thing as a biologically based termite nature. This proposal has created a major academic controversy...

E. O. Wilson

The commencement address of the distinguished dean of the faculty of the International Termite University:

One thing we can surely agree! We are the phasmids of three billion years of evolution, unique by the virtue of our high intelligence, employment of symbolic language, and diversity of cultures evolved over hundreds of generations. Our species alone has sufficient self-awareness to perceive history and the meaning of personal morality. Having

largely escaped the sovereignty of our genes, we now base social organisation mostly or entirely upon culture. Our universities disseminate knowledge from the three great branches of learning: the natural sciences, the social sciences, and the termites. Since our ancestors, the macrotermites, termites achieved 10-kilogram weight and larger brains during their rapid evolution

through the later Tertiary period and learned to write with pheromone script, termite scholarship has refined ethical philosophy. It is now possible to express the deontological imperatives of moral behaviour with precision. These imperatives are mostly self-evident and universal. They are the very essence of termity.

They include the love of darkness and of the deep,



Rereadings / Howard Davies

A great and unfashionable novelist

In his lifetime Wyndham Lewis never courted popularity, and a wide audience has eluded him after his death, too. One of Lewis's keenest admirers, Martin Seymour-Smith, described him as "a difficult writer" whose ideas "were not only unacceptable, but were also not easy to follow". What is more, "even more difficult is his creative prose, particularly that of the early stories".

This, you may think, is a discouraging introduction to *Tarr*, Lewis's first novel, published in 1918. It is hardly calculated to encourage new readers. So let me try a second, more positive

opinion, from Rebecca West. "Tarr," she wrote, "is a beautiful and serious work of art that reminds us of Dostoevsky... and it contains one figure of vast moral significance which is worthy to stand beside Stavrogin." Sadly, publishers in London at least, have tended to side with Seymour-Smith. Very little of the Wyndham Lewis oeuvre is now available in the UK. Americans take a different view. The Black Sparrow Press in San Diego has beautifully reprinted an extensive series of his novels and philosophical writings, some of which even enthusiasts find hard to take.

But here, *Tarr* is the only book that can occasionally be found on *hawthorn*

shelves, tucked in between the massed ranks of Primo Levi and Penelope Lively. Someone at Penguin still believes that Lewis should not be allowed to disappear into obscurity, but it is uphill work.

There is no point in denying that Lewis's angular, muscular prose remains unfashionable. He makes few concessions to taste or accessibility. It is not that his language is obscure; indeed the meaning of each sentence is eminently clear. Nor is it that he cannot tell a story; the narrative form of *Tarr* is straightforward. Nor is he deficient in characterisation; the principal dramatic "persons" are three-dimensional and human, all too human,

how a sign of weakness and slabiness to be reading a novel at all. The authorial voice is stern and unforgiving, even hostile. Do not dare to sympathise with my characters, do not be feeble as to lose yourself in my story, he seems to say.

So why do I return to Wyndham Lewis again and again? Precisely, I think, because of this aggression, and the insights which accompany it. *Tarr* is, on the face of it, the story of a poor English artist in Paris before the first world war, his luke warm on-off affair with the dismal but pneumatic Bertha, and her consequent flirtation with Kreisler, a tortured German painter, trying to get out of Art

English shyness, that cannot tolerate passion and its nakedness". He has undergone "English training – a system of deadening feeling, a stoic prescription – a humorous stoicism in the Anglo-Saxon philosophy".

Tarr, by contrast, finds decisive action impossible. He cannot commit himself to Bertha, but nor can he bring himself to leave her. He is

Solving the paradoxes of the right

Philip Stephens on a primer for dispossessed Conservatives

Conservatives are in bad shape. Within nine months they have lost elections in the US, Britain and France. Germany's chancellor Helmut Kohl is in trouble, and who cares a fig these days about Newt Gingrich and his Contract with America?

All this is a far cry from the euphoria not so long ago when parties of the right promised to vanquish social democracy as effectively as they had destroyed socialism. Defeat has brought disarray. Britain's Conservatives have chosen a new leader, but they have yet to recalibrate their ideological compass. Bill Clinton's White House may be consumed by scandal, but his opponents on the American right are in no condition to exploit the advantage.

Fashionable opinion has it that none of this matters too much since Tony Blair, Clinton and others on the centre-left have simply absorbed the ideas of their erstwhile opponents. This analysis is oversimplistic, mistaking conservatism for liberal ecumenism. All this sounds confusing, Muller does a useful job in pulling out the more constant threads. He starts with the faith in existing institutions: the utilitarian concept that the very existence of the nation state, the family, and religion create a presumption as to their usefulness. This extends to what Burke called prejudice – respect for rules of action which are the product of historical experience and habit.

Add in an emphasis on human imperfection along-

CONSERVATISM: AN ANTHOLOGY OF SOCIAL AND POLITICAL THOUGHT FROM DAVID HUME TO THE PRESENT edited by Jerry Z. Muller

Princeton University Press £47, £14.95, 450 pages

side individual liberty, if not the theology, of established religions, and a recurring polemic of anti-humanitarianism, and Conservatism, if not all of its practitioners, gains a certain definition.

There is less analysis here, though, of the dominant tension between modern conservatism and liberal economics. The two are usually conflated, but more often than not they pull in opposite directions.

The strains are not new: Friedrich Hayek tried to reconcile the conflict by arguing that the market had proved itself the fittest institution to provide for material well-being. The political genius of Margaret Thatcher during the 1980s was to camouflage the contradiction between her declared conservatism and her economic radicalism.

But the triumph of the global marketplace has greatly increased the tension. The nation state, the pre-eminent institution for most conservatives, is undermined by a world in which capital has no respect for national frontiers. The nuclear family is imperilled by the market's refusal to acknowledge long-held social values. Flexible labour markets disrupt the traditional patterns of family life; consumerism displaces the habit of religion.

In their search for political recovery conservatives must confront this conflict. What value does Conservatism ascribe to the competing demands of free markets and familiar institutions? How far should the state mitigate the social impact of unfettered markets? Should we shop on Sundays or should we go to church? There are no easy answers.

Bertha finds it hard to choose. She loves her quirky English Tarr, and marries him, for the sake of respectability. But she has a child by Kreisler. Rereading *Tarr*, after 20 years, I was smitten again.

Dostoevsky? Well, perhaps not. But Lewis is, at his best, a great English novelist even though he himself would have dismissed such categorisation as irrational, sentimental, unsubstantiated nonsense.

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BOOKS

Living and dying by the sword

Insights into the history of Christianity and Islam tensions offer a welcome lesson, finds A.C. Grayling

Ignorance might sometimes be bliss, but it is more often a danger. If a statesman, for example, has to deal with grave international tensions, but does not fully understand the aims and values of the opposing parties, he risks fatal misjudgments. In such a case his first step should be to curl up with a good history book, for history is the geography of time, in which one traces the different routes travelled from past to present by the world's peoples. One learns, as the colloquial aptly has it, "where they are coming from".

One of the most important questions facing the contemporary world is the conflict between parts of Islam and the west (using these expressions to denote cultures rather than places, and as conveniences which ought

not to mask their internal diversities). It is so vexed a problem that - as always happens with such - it has collapsed into caricature: Islamic fundamentalists threaten "jihad" against the "Great Satan", and the west, in return, sees only murderous fanatics, ready to blow themselves up along with jet loads of innocent victims.

Into this mistrustful breach has stepped a distinguished journalist and historian who has written much, and with great eloquence and insight, about the history of Christianity and - his other expertise - the Arab world. In his important new book, Peter Partner

explores the sources of contemporary misperceptions between Islam and the west, by helping us to understand the conceptions of "holy war" in both traditions. Islam was spread by the sword from its earliest days: Christian crusaders - barbarians in comparison to the refined Islamic civilisation they invaded - sought to "recover" the Holy Land by butchery. The social and political antecedents of present dilemmas lie in those events, and Partner seeks to clarify them.

Middle-eastern deities were never pacifists; all wars were once holy in the sense that gods of battle led them.

Yahweh was the "lord of armies", and the late Jewish sects of Maccabees and Zealots resisted their foreign oppressors in his name. The concept of a "party of God"

doctrine of jihad is chiefly rooted, Partner argues, in the Islamic empire's second century, when the caliphs began preying on the Roman empire's weakened remains in Europe. The most successful of Islam's crusades secured Spain for Allah; elsewhere, right into modern times, its borders leaned against Vienna's gates.

One of Christianity's early footprints was Constantine's vision of the cross in AD312 that led him to place it on his battle banners. But until the 11th century its ethos was, Partner shows, more pacific than military. Matters changed under the influence of the belligerent Pope

Gregory VII, whose idea of the "Christian knight" influenced perceptions of the four centuries' old conflicts along the margins between Christians and Moslems. But the decisive moment occurred on November 27 1098, when Urban II called for a jihad against Islam. Thus began the Crusades proper.

There followed centuries of mighty conflict between the two warlike religions, whose votaries saw battle as a "heroic enterprise of salvation". Even when Christianity resumed a more pacific tone in the Reformation, the conflict continued in other guises. Partner dexterously traces these developments,

concluding with an account of today's thinking in Islam which is required reading for anyone wishing to think more clearly about what Islam, and its fundamentalists, mean for the contemporary world.

His analysis is especially interesting on the coincidence of religious passion and nationalist sentiment, suggesting that - for a salient example - in present-day Palestine Islamic fundamentalism is far from the only danger.

Partner's troubling remarks that because Islamic holy war is now waged by "irregulars" it recognises no constraints.

And, indeed, its utter inhumanity (think of Algiers) is such that his otherwise illuminating account leaves a residue of concern that only pathology can offer an explanation for such behaviour.

This prompts a question. Partner argues that the idea of holy war is not peculiar to Islam, and that in its later Christian disguises it influenced colonialism and much besides. But whereas Christianity sanctioning of violence must always be hypocritical, for its message is indisputably pacific, the stubborn fact about Islam is that its history and theory both honour the argument of the sword. Is it wrong to see this as justifying western unease while tension and misunderstanding persists?

If anything can help to reduce that misunderstanding, however, Partner's book will be part of it.

When ills were cured

James Le Fanu
on western medicine

Only a fantasist would have predicted in 1945 that within 20 years polio and diphtheria would be all but eradicated, tuberculosis and childhood cancer would be curable, surgeons would be stopping the heart to repair complex congenital abnormalities, and transplanting organs, and doctors would have drugs to treat psychiatric illness, arthritis, heart disease and much else. But it all happened, and it is only natural to want to know more about the origins of this most sustained epoch of human achievement since the Renaissance - which requires some understanding of the history of medicine.

WESTERN MEDICINE:
AN ILLUSTRATED
HISTORY
edited by Irvine
Loudon
Oxford University Press £25,
347 pages

The subject is so vast it is difficult to know where to begin, let alone how to present it in a way that will not discourage the general reader. One solution, exemplified in this illustrated history, is to exploit the visual imagery associated with the subject. Medicine is, after all, about seeing things. Doctors see their patients. Anthony van Leeuwenhoek looked down the microscope and saw animalcules, while modern imaging techniques lay bare the inner workings of the body.

But there is another and even richer type of medical imagery - exemplified by Leonardo da Vinci's famous illustration of the womb opened like a nut to reveal the crumpling foetus within. Its technical clarity and acute observational detail embodies the spirit of the Renaissance, just as Rembrandt's painting, "The Anatomy Lesson of Dr Nicolaes Tulp", with its attentive faces of the members of Amsterdam's surgeons' guild, captures the spirit of the enlightenment.

These images accompany a text which is more academic than popular but has been ingeniously organised in two complementary ways.



'Cosme & Damion performing the miracle of the black leg' by Alonso de Sedano (16th century), included in 'Western Medicine: An Illustrated History' Wellcome Institute, London

The first half is chronological, seven chapters tracing the evolution of medicine from classical to the postwar world, the second picks out certain themes - such as epidemics, the rise of the modern hospital, medicine and the mind and others - which are examined in depth.

In a notable chapter on the history of childbirth, Irvine Loudon describes how an event that has always been controlled by women was usurped by male obstetricians like Hunter, the traditional female mid-

wives were bound to suffer a loss of prestige, but another particularly telling graph depicts how this "scientification" of obstetrics failed to have any effect on maternal mortality. Indeed, for many it had the reverse effect, exposing women to the dangers of puerperal fever transmitted by the hands of scientific obstetricians who went straight from conducting post mortems to the wards to perform vaginal examinations on women in labour.

This is a multi-authored

text and regrettably not all the contributions are of the same high standard, but it is worth purchasing alone for its two chapters on the rise of modern medicine.

The developments of the postwar years already alluded to can all too easily give the impression that medicine is on a continual upward curve of knowledge and achievement. Stephen Lock, former editor of the *British Medical Journal*, makes it clear that this is not the case, dividing his

chapter into two epochs: that of "triumph" followed by "dissolution".

This notion that medicine may perhaps have fulfilled its destiny and is in decline but makes sense of many otherwise inexplicable phenomena such as the baffling popularity of alternative medicine and the curious paradox that, at a time when people are healthier and living longer, they also seem to be more worried about their health than ever before.

Most mesmerisingly, there emerges from these pages the doomed but destructively close Chekhov family.

in their ineptitude, melancholy and tyranny they seem to epitomise the Russian condition, and they make us see how Chekhov, founder of modern drama, of the theatre of the absurd, of cruel comedy, could have come from nowhere else.

Anton Chekhov was born in Taganrog, a small port on the Sea of Azov in south Russia, in 1860. His father Pavel was a monstrous patriarch and a useless merchant who took his failure out on his family: his five sons were thrashed mercilessly while a daughter, Masha, was treated like a china doll. "Tyranny and lies crippled our childhood so much that it makes me sick and afraid to remember," Chekhov wrote.

As V.S. Pritchett points out in his brilliant short life of Chekhov, this "cynically abandoned child" separated from his family had much in common with Dickens, alone of his siblings put to work in the blacking factory. He was lonely, self-reliant, watchful, ambitious.

The older brothers sank into drink and debauchery, but Anton studied medicine. He observed illness at the

Files of fatal memories

A little embarrassment will be unavoidable.

Perhaps Timothy Garton Ash should have put those words on the title page, like the warning of explicit sex or violence at the beginning of a TV programme. Instead, they come at the end of a book which is, indeed, a little embarrassing in places. Garton Ash sets off, with the help of a file kept on him by the East German secret police, in search of his slightly callow youthful self. "What a gift to memory is a Stasi file," he exclaims. "Far better than Proust's *madeleine*."

In the file, Garton Ash finds photocopied pages of an old notebook, secretly taken from him in 1981, on which he had noted variants of "the dissident's first commandment". As if principle: "Behave as if you lived in a free country", or "as if the Stasi did not exist".

He adopted his own version: "try to live in this free country as if the Stasi were always watching you! Imagine your wife, or your best friend, reading the Stasi record of what you said about them to another friend... or of what you did in Amsterdam last week. Can you live so you would not be embarrassed by it? Not seriously embarrassed, I mean."

For some people these files proved worse than embarrassing. They discovered that they owed long prison terms to close friends, lovers or spouses who had informed on them. Others, exposed as informers, have lost jobs, marriages, friendships; have been pilloried (not always fairly) in the media; have even committed suicide. In one glorious case,

"somehow a perfect image for the end of East Germany", a professor exposed as a collaborator destroyed, in despair, his unique collection of garden gnomes.

In his own file, Garton Ash finds nothing embarrassingly dishonourable. He is the reader who feels slight embarrassment at the mature Garton Ash's delight in recounting his own youthful exploits. We learn that the Stasi's code name for him was "Romeo".

Clearly he decided to make the book, subtitled "a personal history", as personal as possible. He admits this may make its form seem self-indulgent, but insists that its purpose is not.

Each reader must judge

how far Garton Ash passes his own embarrassment test.

gets away with it thanks to self-deprecating humour and a genuinely sensitive and compassionate approach.

What makes people work for, or collaborate with, a dictatorial regime? It is a humbling question for those who have never faced the dilemmas involved, and Garton Ash answers it humbly. A common factor in the lives of the policemen he studies or interviews is "the absent father: away at the war, killed on active service, or somewhere in a prisoner-of-war camp... the father who was a Nazi or the father who

was a Nazi". Garton Ash worries about the clash between the genuine interest in truth and justice of the regime's former victims and the more prurient "entertainment value" derived by West Germans from the public exposure of villains. "This is Luther in the world of the television talk-show. I'm not sure Luther wins." He also fears the obsession with informers may have distracted attention from the real culprits, the people "in charge of the whole system".

Well, let's hope it does help the Germans to understand all that. Meanwhile, English readers can thank Garton Ash for explaining it so elegantly, and forgive any slight embarrassment along the way.

Edward Mortimer

opening the files was right. "It must be right that the Germans, and not just the Germans, should really understand how in the second half of the 20th century there was again built on German soil, a totalitarian police state... How this state exploited some of the very same mental habits, social disciplines and cultural appeals on which Nazism had drawn, and those same fatal 'secondary virtues' - duty, loyalty, punctuality, cleanliness, hard work... How the German language, that glorious but all too-powerful instrument, once again lent itself to disingiving evil as good."

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ARTS

Carnal cruelty and the joy of sex

Lynn MacRitchie is intrigued and disturbed in Whitechapel

Furbulen
world of
a master

Jackie Welschlag
tip: *De Monchaux: The Divine Lover*

Things begin quietly enough. The large glass piece propped just inside the door, although warily titled "Rocking the boat before the storm ahead", 1994, seems harmless at first glance, the eye becoming absorbed in examining the fine detail of the black paper squares cut into doily-like patterns held between glass panels.

It takes a moment or two to notice the red, tongue-like protuberances which emerge from each top and bottom corner, pinned down beneath the sharp edges of the glass. Turning round, half way up the walls on either side of the door is seen "Dangerous Fragility", 1994, a two-part work. The left-hand construction of pierced brass panels, bolts and cords and dark folded leather is closed up tight as a clam. The one which occupies the equivalent space on the wall on the right is pulled cruelly open, revealing folds of pink suede in an alarmingly labial display.

And so it continues - the gallery walls creep with mol-

lus-like objects, now open, now closed, the mystery of their metallic exteriors revealed in folds of pseudo flesh, pulled back on savage spikes. Dusted with white powder, they seem ancient, eternal. More glass panels tempt the gaze with ever more detailed decoration, their corners adorned with sinister black ribbons.

In a particularly delicate example, "Assuaging doubt through others' eyes", 1997, the cut tracery of black paper replaced with plain white paper strips, the gaze drawn to splashes of colour which on closer examination are revealed as photographs of fruit, flowers and vegetables. Interspersed with these, however, are the dead eyes of fish, staring up from the fishmonger's slab. Peer closely enough at the beauty of nature, the piece seems to say, and you will gaze into the face of death.

De Monchaux has developed her singular vision over the past 10 years, not deviating from a path which began with small objects such as "Erase", 1988, a heavy-metal bolt smugged in red velvet encased in denim, or the heart-shaped, velvet-lined, metal bound "Once upon a ***" of 1992.

These early objects, and the smaller ones in the present show, are in the tradition of work on erotic themes by women artists such as Meret Oppenheim, she of the Surrealist fur-covered teacup and saucer which never loses its power to shock, or Louise Bourgeois, with her sculptures of breasts and arms conjuring

wrought brass - seduces the viewer into looking ever closer, probing the secrets of these folds of pseudo skin until drawing back with a shudder.

The most recent pieces in the show, "Confessional" and "Never forget the power of tears", both 1997, expand the work into installations. In "Confessional", the glass panels, coated with white wash, have rearranged themselves into a gazebo-like structure. Two larger ver-

sions of the wall-mounted crustacea have crept inside to masquerade as seats, curves of cold metal upholstered with waves of pink, pleated suede, set on either side of a jagged, rusting screen. Within, all is dysfunctional. The pink seat covers, obvious in the need they imply, repel the reluctant sitter. The glass walls let in light, denying the darkness necessary to whisper confessions.

The rusting screen makes

lovers' kisses impossible. This curious chamber is a temple to frustration. "Never forget the power of tears" fills the centre of the gallery, a silent room in which a panel of tormented pseudo-gentiles lies in the centre of the floor, flanked by 12 plain panels of lead, like tomb slabs, heavy dark and empty. The anguished flesh cannot be satisfied, it seems, only released in death. In both pieces, the intensity of the smaller works is muted

by the increase in scale, the transition from concentration on absorption to absorption of the object not quite resolved - but the move into a larger scale is intriguing.

Upstairs, in blessed relief,

in a touring show of 16th-19th century Indian miniatures organised by the South Bank Centre, Krishna: The Divine Lover, luckiest god of all, frolics with his milkmaids, celebrating physical love-making as the human spirit's longing for

The lucky ones: 'Krishna and Radha'; Pahari School, Basholi style c.1730 featured in *Krishna: The Divine Lover*

soft flesh from cold marble, or the paintings of Dorothea Tanning and Leonora Carrington, of crazed maidens in sex haunted rooms.

There was mystery but no ambiguity about their works, and there is no ambiguity here. De Monchaux is mesmerised by the terrors of the flesh, those secret places where the body reveals itself as vulnerable, penetrable. The obsessive detailing of the pieces - crafted from suede, leather and finely

wrought brass - seduces the viewer into looking ever closer, probing the secrets of these folds of pseudo skin until drawing back with a shudder.

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the divine. The needs of the flesh accepted can be transcended in joy: in De Monchaux's cruel tableaux of denial, only frustration awaits.

Cathy de Monchaux, until July 27, Whitechapel Art Gallery, Whitechapel High Street, London E1 7QX. Tel: 0171-522 7888. Showing with Krishna: The Divine Lover, a national touring exhibition from the South Bank Centre.

Records / David Murray

A serious prodigy with Blu-Tac strings

One of the mysterious links between music and maths is that precocious composers, like precocious mathematicians, tend to go far. Not all of them, of course; some die early, and some just fizz out. Still, more of the revered masters of those arts began as young prodigies than in any others.

Among British composers, George Benjamin and Thomas Adès are arguably the first-grade A-prodigies to have turned up since Benjamin Britten - if less extravagantly precocious than Mozart, Schubert or Mendelssohn. Modern music is more of a mine-field than the tidy, well-defined territory of Austro-German classicism, and it takes longer for a serious gift to achieve recognition amid all the newer "ism's". Anyhow, you can judge for yourself, for there are two new CDs devoted to their recent work.

Adès (b. 1971) made a strong, instant impression in the PLG's annual "Young Artists" series five years ago, playing his own *Still Sorrowing* for "prepared" piano (middle strings damped with Blu-Tac, removed as the piece proceeds). It was patently original, perfectly designed, and sounded a personal, expressive note: in short a new, true voice. Everybody wanted to hear more.

Soon his dazzling small-orchestral fantasy *Living Toys* appeared, and in due course the opera *Powder Her Face* - nasty libretto (not his), but a marvellously inventive score. By then pre-Sorrows pieces were circulating, and new ones getting quick premieres. It became clear that games, jokes and tricks are favourite triggers for the Adès imagination, but never substitutes for intricate musicianship.

The Adès CD (EMI Classics 5 6669 2), his first, includes *Still Sorrowing*, his striking if uneven opus 1 - "Eliot Landscapes", for soprano and piano; three other ingeniously refined pieces; and perhaps most

characteristic of all, *Life Story* (1993), a wry post-coital monologue after Tennessee Williams.

For that, EMI really ought to have stretched the budget for the original pair of bass clarinets with double bass, instead of leaving Adès to accompany it at a piano.

Never mind: this first

conspectus of Adès is greatly worth hearing, as much for pleasure as by way of preparation for his next CD (including *Living Toys* and the quartet *Aracida*, among other music), due this autumn.

Adès looks like being prolific, praise be. George Benjamin (b. 1960) is not, despite his precocious beginnings with *Ringed by the Flat Horizon*, *A Mind of Winter* and *At First Light*.

It became clear that games, jokes and tricks are favourite triggers for the Adès imagination

which have travelled the world swiftly. Too fastidious? too self-critical? or just too busy conducting his own and other composers' works (at which he excels)? At any rate, his pieces - when they do come - are always worthy of their predecessors, and usually break new ground as well.

Benjamin's latest CD (Nimbus NI 5505) runs from his 1979 Octet (too nervously Messianic to bother with now) to three fine, grown-up works. One of them, *Upon Silence*, is played twice: the original version of 1990 for mezzo (Suean Bickley) and five violins, is hauntingly beautiful, and the more practical 1991 version with seven modern strings lets us hear how strong the construction is even when deprived of the violins' ravishing huskiness.

The disk is completed by Stockhausen's seminal *Gruppen* of 1955-57, for three orchestras. One hears that Stockhausen thinks it all too slow; but even in mere (brilliant) stereo, without three separate sound-sources, it lays bare the workings of this extraordinary piece as one has never heard them before. Unmissable, at least for aficionados of that heady period of musical discovery.



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sively recorded by the cameras.

Yet the distinctions are not that dramatic, and many viewers will prefer "The Man Who Saw the Future", not just because politicians bore them while Clarke is, to many, a fascinating individual, but because the pictures which illustrate Clarke's life seem more interesting. Living in Sri Lanka, having gone there for the outstanding sub-aqua opportunities, being involved with movies, computers and science fiction and participating in intercontinental video-conferencing, is all the sort of activity which lends itself ideally to television biography. In other words, television, as we know so well, loves striking pictures.

But, with or without them, there are qualities to be gained, and aspects of character to be conveyed, in a televised biography of a politician which you will never get from a book.

Television / Christopher Dunkley

The art of biography

ing scenes from earlier periods of his life and reacting to them.

Observing himself during the famous occasion at the Cenotaph when he wore a duffel jacket, Foot is, rightly, a blithely dismissive of the fuss that was made about it. (Could it have been the way he wore it casually draped open rather than the design which offended?)

Also vivid and telling are the film and newsreel extracts used to illustrate the life of Michael Foot in next Saturday's programme. As with some of the previous excellent political portraits made by Michael Cockerell, this one shows its subject seated in black limbo watching monitor screens display-

True, CD-Rom is addressable, but you cannot - yet - make a CD recording from your television. Once the endlessly promised "convergence" takes place and we can all construct our own electronic databases, things may be different. So far the book is still, in many ways, superior.

Yet television does have its own advantages. The clips from 2002 in today's programme, however brief (goodness only knows the prices charged to this programme, but movie extracts can be prohibitively expensive, costing hundreds and even thousands of pounds) are not merely useful but vital. The programme's central assertion is that Clarke, who was born in Minehead, grew up in Tauton and has lived most of his life in Sri Lanka, is one of the world's great visionaries.

It is simple enough to show the technical magazine in which Clarke, in 1947, described his idea of using satellites in geostationary orbit as super-high relay stations for telecommunications. But how to illustrate his thoughts in the 1960s about artificial intelligence and the possible consequences of a machine which, whatever Asimov's Second Law of Robotics may have laid down in 1941, decides to disobey its human master? The answer, obviously, is to show the scene in 2001 where Hal, the computer, delivers the chilling line "I'm sorry Dave, I'm afraid I can't do that".

Even more important to some of us is to hear again that slow start to the Blue



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ARTS



The Kirov's corps de ballet in 'Don Quixote': the production has been edited for maximum bravura over the century

Rothschild's lottery legacies

Antony Thorncroft on the impact of the latest cash windfalls

On Monday, Lord Rothschild, chairman of the Heritage Lottery Fund, becomes the nation's parkie once again, distributing another £8m to help repair one of the most loved, and most ignored, of British treasures, the urban parks.

This top-up on the £57m allocated in May means that 77 parks, ranging from Sheffield's Botanical Gardens to Russell Square in London, have received £8m from the lottery to make them shipshape. Of course, local authorities must do their bit, and contribute another £15m or so over the next decade in partnership funding, but the 8m weekly visitors to city parks should soon see a difference.

This is one use of lottery money that arouses few protests, unlike the Heritage Fund's first grant, in March 1995: the £10m to rescue for the nation Churchill's archive, a cache of paper that the nation thought it already owned.

Since then, Lord Rothschild has guided the Heritage Lottery Fund quietly but firmly into calm, uncontroversial waters. There was some criticism that he was hoarding his lottery money - some £300m a year.

There can be few complaints about that now. "For the first 2½ years we had enough money to do anything, but by the end of 1997 we will have committed £450m and our reserves will be very low." Already there are disappointed applicants, and with the fund's revenue likely to shrink by 250m a year when it loses the proceeds from the mid-week draw to health and education, there will be more.

Lord Rothschild fortunately foreshadowed one of the buzzwords of the new government and adopted a strategic approach to his lottery windfall. This involved making a priority of certain obvious areas that needed support, initially museums, urban parks and, to a lesser extent, churches, and bombarding them with cash after carefully conducted beauty contests. To date museums have received more than £300m; urban parks, £70m (by the end of the year); and churches, a bigger but to crack, £37m to date, in a joint scheme with English Heritage.

Next on the block is local heritage initiatives, which range from preserving hedgerows, to clearing 600 ponds, to safeguarding village greens and parish halls, to helping English Heritage fund more urban conservation schemes.

Still to come are programmes involving a huge investment in education and information technology, which, strangely enough, are also obsessions of the new government. Finally, when the nation's main museums have been refurbished, when every village has been returned to pristine glory, when churches are re-roofed and canals cleared of weeds, the fund will tackle the big one - endowment funding. Lord Rothschild expects to spend up to a quarter of his income in this area.

Enough already. Isn't John Bull's other island sufficiently complicated? It's usual after such intriguing programmes to wish the great dead were living at this hour. To save further confusion, one can only be glad that this "political Jeeves, a gentleman's gentleman" (Professor Harvey Mansfield of Harvard) is safely tucked away in the pantheon. God knows what side of the road he would be marching on.

Except that by then he

lotto
schild
lottery
legacies

Antony Ellicott

How to Spend It

In hot pursuit of the arcane by the banks of the Arno

If you want to look as elegant as the chicest of the locals, follow Lucia van der Post's trail of discovery through the backstreets, where Florence's intriguing ateliers and boutiques are situated

To Florence for Pitti Uomo, one of Europe's biggest menswear shows, where *How to Spend It* was being honoured with the *Classico Italia* award for raising the appreciation of Italian design. So, a chance not just to catch up with cutting-edge Italian menswear, but also to roam around one of Europe's loveliest cities.

One of its charms is that it is relatively small; wandering around you still come across small ateliers where the products - whether picture frames or table cloths, shoes or lanterns - are still made by hand with love and care and where special orders are not a nuisance but a privilege.

What this also means is that shoppers venturing into the arcane arena of Florentine antiques should be aware that with such craftsmanship around, it is not always what it seems - wonderful "Renaissance" pieces are knocked up in workshop shops daily.

So are "antique" picture frames, 16th century lights and all the other goodies that tourists long to take home.

That said, it is still a terrific place to shop. With the lira at nearly 3,000 to the pound, it is almost bargain basement time in Italy.

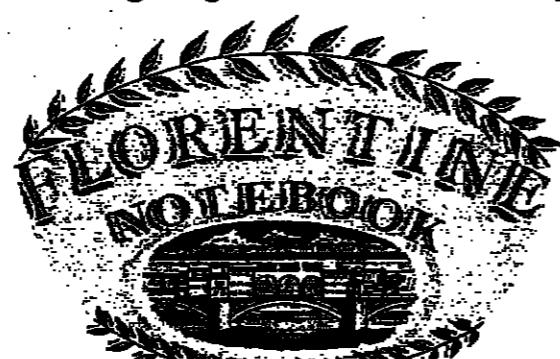
The smartest street is Via Tornabuoni where all the grand names cluster but the more interesting little ateliers and boutiques as well as the traditional purveyors of household goods are to be found in the smaller streets such as the Via Porta Rossa, Via della Vigna Nova, the Via Roma and the Via Maggio (this last especially for antiques).

If you want to look as nonchalantly elegant as the chicest of the locals, the shoes to wear for climbing church steeples, traipsing round the Uffizi and wandering abroad in the market-places are J.P. Tod's. Soft as butter, more of a slipper than a shoe, with studded undersides they are the perfect travel-cum-driving moccasin.

Now there is a J.P. Tod's in London (at 35 Sloane Street), but it makes better sense to stock up in Italy where they are at least £50 cheaper (roughly £130 as opposed to £175).

Get a head start with the range of four fine leather handbags and holdalls that J.P. Tod's has just launched - in the £60 to £90 range - it's well worth the 25 per cent saving. Already they have been seen on the arms of the Princess of Wales and Catherine Deneuve. J.P. Tod's is at Via Tornabuoni 103.

Less of a fashion victim's favourite, more of a private secret, is Arfango's range of high-quality shoes. Coming out in the autumn is the Capri. Made from one piece of soft, soft leather, hand-stitched, supremely comfortable, it is a recreation of the classic, traditional Capri shoe. The range is available in good Florentine shoe shops.



Other Italian-based designers' wares, too, are cheaper on the spot, so if Ferragamo or Gucci or Prada are your particular bag, not only will you find the prices slightly easier, but you will probably find more choice.

Prada fans might be willing to face the long journey to the outlet which is about 40km from Arfango's in Arezzo. For reasons best-known to Prada, there are no visible signs and it is almost impossible to find. So, proceed in

the direction of Arezzo and make for the station at Monte Varchi.

There you pay a taxi-driver to lead you to the outlet which is as cool and ordered as a Prada store, except that it is in a anonymous shed. Most of the season's best sellers are there - at vastly reduced prices - though not always in the range of sizes you might need.

Shoes were reduced to £50,

a silk coat down from £500 to £200, a big range of knitwear and a selection of dresses, fashionable see-through flimsy evening wear, all with varying reductions.

Back in Florence, the Via Porta Rossa is filled with small shops worth exploring, but don't miss out on Fulagi, a resolutely old-fashioned household drapery store where you can buy hotel-style white cotton towels, huckaback glass towels, pure linen sheets at £130 for a king-size sheet and two pillows.

If like me, you can't find a tablecloth that fits your table or your tastes they'll make one in under a week and post it to you. I've

designed my own - cream linen edged with a wide beige linen border, 9ft x 9ft by £150, price £102.

Some of the classiest smells in the world come from Florence. The Farmacia di Santa Maria Novella at Via del Escala 16 is an old favourite and even though there is now a small version in London's Walton Street, it is still worth a visit. Once a church, it is a haven of all things delicious-smelling - from perfumes and essences to soaps, pot pourris and talcum powders.

A new discovery is Lorenzo Villoresi, who describes himself as a "perfume explorer". If that sounds pretentious, believe me, having seen what he's doing, I'd go along with it. His perfume temple-cum-laboratory is on the top floor of a medieval palazzetto in Via dei Bardi overlooking the Arno.

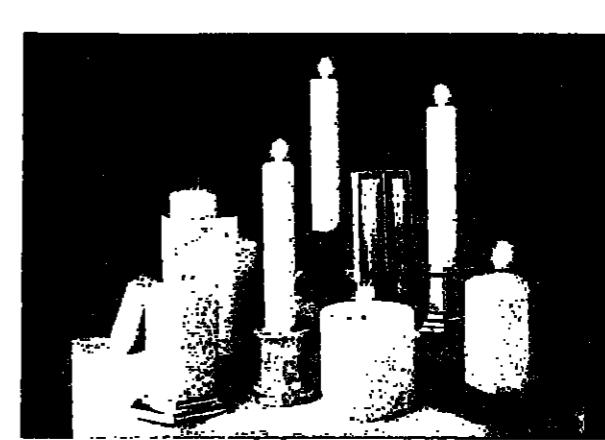
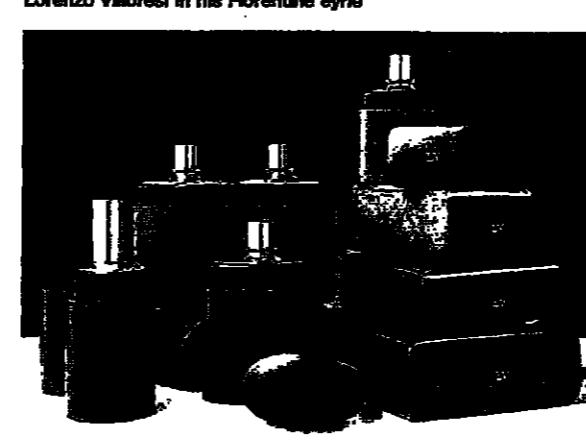
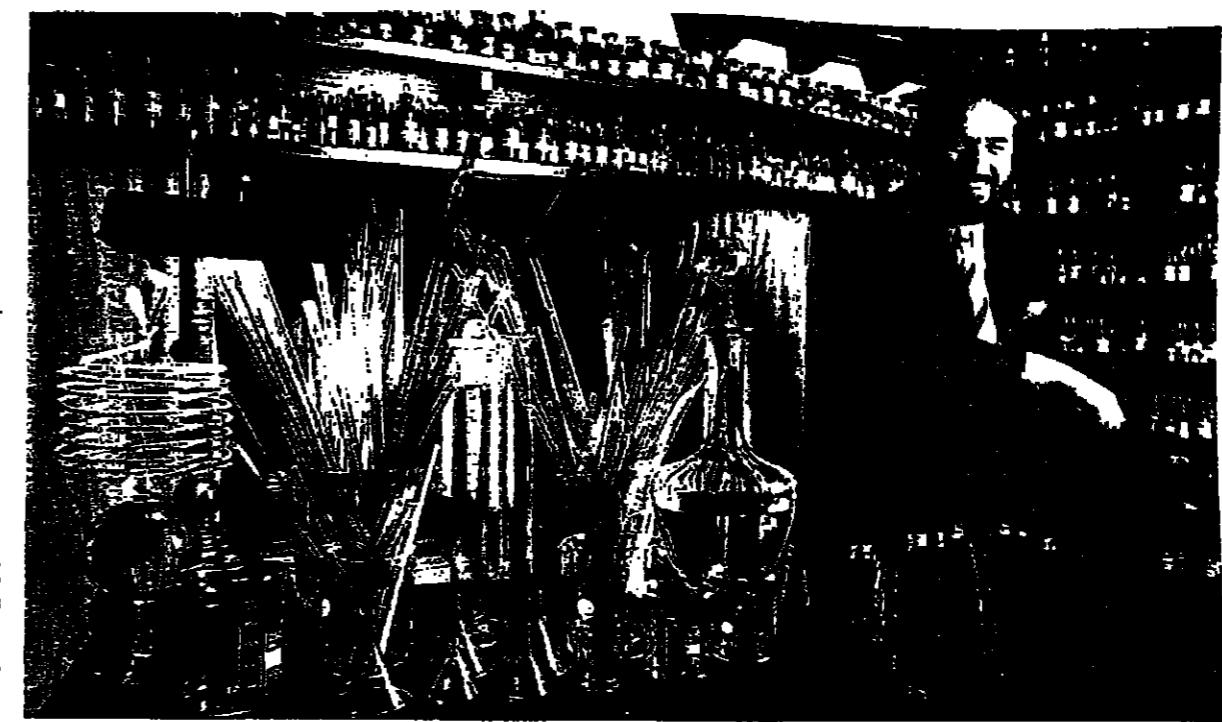
Here he mixes and matches his lotions and potions, using something like 1,000 different essences to create new perfumes all the time. Among the essences on sale are the smell of cut-grass, Mediterranean (all sage, rosemary, myrtle, thyme), Uomo (essence of man), tobacco (smells horrid but actually smells wonderful), wild poppy, afrodista, orientale and lots more. All these can be bought singly or combined to make a completely personal scent. These can be mixed in just a few days and come with initialled bottles encased in beautiful plain tobacco-brown leather.

The pot-pourris are wonderful - some have pieces of Cyprus wood cut by hand and little green cones release the resin which helps to fix the scent as they open.

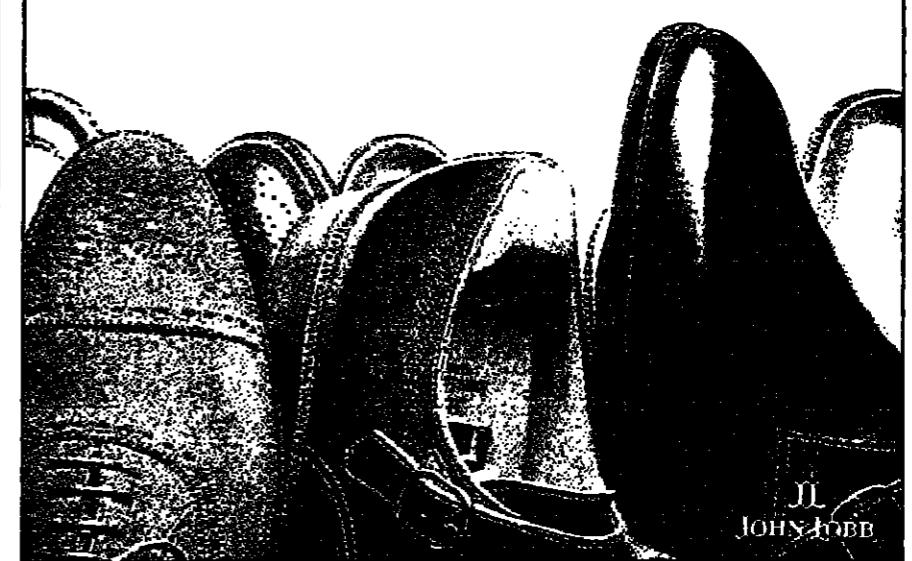
Room scents are also unique; heady and strange, they smell of whatever essences the customer chooses. You can put them in little rings around light-bulbs, as candles encased in wonderful plain white alabaster containers or in terracotta lanterns. There is also a full range for the bath - the small soaps make wonderful house presents. In London, Fortnum & Mason sells some of the ready-prepared scents, but in Florence, you can choose from the full range.

Tessilarte weaves some of the finest, softest linens and cottons around. Customers can visit the workshops and see the looms in action at Via Toselli 100 and then buy from the show-room downstairs. The men's pyjamas and dressing-gowns would make a sumptuously luxurious present, as would any of the household linens.

The most surprising discovery of my visit was the information that President Nelson Mandela has a little cache of Brioni suits. As he is photographed more or less exclusively wearing rather bright ethnic shirts, I had no idea he was a secret admirer of this, possibly the most luxurious, ready-made suit



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HOW TO SPEND IT

Fashion / Avril Groom

Galliano genius meets Dior tradition

Just occasionally haute couture realises fantasies of aesthetic and artistic perfection, weaving a waking dream around an audience. John Galliano has the most fertile imagination in fashion and in his autumn collection for Dior he showed what can be done when it is allied to the \$60m might of LVMH and the belief, as he says, "that God is in the details".

Galliano ordered an 18th century pleasure garden to be recreated in Paris' Bois de Boulogne, with topiary peacocks, an art nouveau bridge, an abandoned picnic and a meandering catwalk among the roses and bird-song. He garnered the best embroidery, the finest lace and fun and the loveliest models and captured, sometimes in one outfit, the splendours of imperial India, the elegance of the Belle Epoque and the tailoring of Christian Dior's New Look. For 20 minutes 1,000 people were transported to a richly exotic world.

Dior has long experience of perfume-launch extravaganzas and is now duplicating this on its fashion side in a bid to return the house to its former glory as a byword for Parisian style. This collection was more significant for both Dior and the future of haute couture than Galliano's first in January. One sumptuously beautiful, exquisitely executed collection could be called beginner's luck. Two starts to look like genius.

Galliano has already cocked a giant snook at the Jeremiants ready to declare the passing of haute couture. Nearly 200 outfits were made from the first collection for clients who include the Princess of Wales, close to the total the house would previously have expected to make in a full year.

Clients prepared to pay \$20,000 for a worthwhile piece of Dior couture - double the often quoted couture starting price - might be surprised at the speed with which the collection is forged. The catwalk versions

have no compunction about bending it to his own plan. Christian Dior, was, he admits, one of his idols, as anyone will realise if they have seen the dogtooth check Dior dress currently on display in the Imperial War Museum's 1940s fashion exhibition. Now, he says, "I must not fall into the trap of

believing that I am Mr Dior, for its couture needs a modern identity."

This might raise hollow laughter from those who believe he is too historically influenced. Yet the truth is that couture customers would rather look beautiful than experimental and this involves timeless principles

of proportion and decoration. Over the years Galliano may have suggested shapes extraordinary to the point of unwearability, but they have very rarely been ugly.

Finally, and humbly, he has learnt the designer's greatest lesson - to listen to his customers. "I love talking to older clients

because I learn so much of couture tradition from them and they understand how to interpret from the catwalk," he says. "After all, my designs are only an invitation, which they can alter as they will."

The balance he strikes is crucial. Take away the blac-cut train from a long tweed skirt, add a flesh-coloured slip to the infamous embroidered tulle nude dress, reduce the swags of a Raj-style Diamanté stomacher from eight to two, and you are left with wonderful, wearable, modern couture as sported by members of the audience varying in age from actress Emmanuelle Béart to president's widow Claude Pompidou.

Over the past six months, Galliano has got his feet firmly under the table at Dior. In addition to couture, he has four ready-to-wear collections a year, and has added two extra collections to his John Galliano range, also now LVMH owned. He has, he points out, "a collection deadline every five weeks," and he is fired up and thriving on it.

He has carte blanche to

influence all design at Dior, from accessories to shop style, in a way that the house's recent designers did not attempt. His ideas will be unveiled in the redesigned Paris flagship store,

to be opened in late September as a blueprint for global expansion of the marque. He is not afraid to be iconoclastic. As he takes time to relax and talk, two weeks before the show, his own style hints at the rebel within. He wears a double-breasted Dior suit, a plain cashmere V-neck and no shirt. So far, not so unconventional but more riveting is the single, pigeon's egg-size pearl-drop earring glinting against his dark hair.

Back at the Galliano workroom, the hair extensions and leathers go back on, but now he is in Dior mode. He translates this ability to take on different personae to each outfit for the collection, going over every detail of the mythical woman for whom the dress was created.

Less than a week before the show, the fittings begin in the studio's inner sanctum. Designer, workroom chief and model must be pre-

pared for anything - a fitting can take from 10 minutes to three hours. American model Carolyn Murphy, preparing to become a Toulouse-Lautrec dancer in a tiny bustled corset dress and a high red wig, says, "I know no other designer who works like this. At the fitting I am shown all the back-

team spirit and attention to detail. John has been here every evening, talking to the team. That makes them want to do a brilliant job."

With superlative reviews,

what more ambition can Galliano have? Ever the diplomat, he says only that "LVMH is also developing my own range" - but it is known no other designer who works like this. At the fitting I am shown all the back-

His ideas will be unveiled in the redesigned Paris flagship store, to be opened in September

ground material that inspired the design and John talked me through the role. Before the show we walk it through on the catwalk and we act all the way."

At the same time, film-set designer Michael Howells

starts work on the garden

set and marvels at both the

dark hair.

Illustration: David Downton



One beautiful collection could be called beginner's luck. Two starts to look like genius

are made as painstakingly as the clients' own clothes - 80-120 hours of work for an average jacket and not a sewing machine in sight - but they are made in a 24-hours-a-day burst of creativity in the three weeks before the show.

Five weeks before show day, in the warren of white, north-lit rooms high above the Avenue Montaigne which form the Dior atelier, all is silent activity while orders from the last collection are being completed. One young man can be seen scrutinising and selecting delicate lace fabrics - the only sign of progress on the new collection.

Yet the ideas, both for each dress and the setting of the whole show, are already concepts in Galliano's mind. The collages of paintings by Klimt and Mucha, old photographs of Maharajas' daughters and Ndebele tribeswomen and swatches of glinting fabrics, which together build up the "character" of each outfit, are already pinned on the wall.

Three weeks before the show, fabric is being draped, wound and scissored on dummies by Galliano, his assistant Steven Robinson and the atelier chiefs. Talk is in "workroom French", though when Galliano refers to "hort cool-ewer," one wonders quite how he gets by. There is respect and empathy on both sides: "I ask them to do impossible things. They suggest six different methods and expect me to choose." The workroom staff enjoy his love of the craft; he in turn always says "we" when referring to his Dior work. As the chief of PR at Dior, Bernard Daniel, puts it, "younger designers like the team spirit. There are no more edicts from on high."

Maybe, but Galliano has a clear vision of what he wants at Dior and that is, in his words, to "Gallianise" it. Like Karl Lagerfeld at Chanel, he respects the house's history and style but

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مكتبة الأهل

MOTORING

Desire for 4x4s goes into overdrive

Stuart Marshall finds a four-way split in attitudes to the ever-popular on-off the road vehicle

The motor trade prophets of doom got it all wrong when they said sales of four-wheel drives - sports utilities, on-off road recreational vehicles, lifestyle 4x4s, call them what you will - would decline this year. The figures have had the makers, busily introducing new models (Daihatsu Terios) and revising old ones (Jeep Cherokee and Wrangler), rubbing their hands.

The market seems to have split four ways. At the bottom are the proper 4x4s - rough, tough machines like the Land Rover Defender and Daihatsu Fourtrak owned by people who really need four-wheel drive to get round farms and building sites and who tolerate lack

of comfort because they know they will be able to keep moving in the worst conditions.

Next, the vehicles that go just as well on rough terrain as Defender and Fourtrak but are civilised enough to be reasonably practical, if thirsty, alternatives to large family estates - Land Rover Discovery, Mitsubishi Shogun, Isuzu Trooper, Toyota Land Cruiser and Saengyong Musso spring to mind. And, at the gilded tip of the pyramid, the Range Rover.

Suburban husbands insist their wives drive them, believing they will be safer doing the school run in two tonnes of 4x4 than in a less massive looking - though just as safe - estate. Other buyers are affluent weekenders

who rate a big 4x4 as essential kit for a country cottage.

Third, the smaller on-off road all-wheel drives - typically, the Suzuki Vitara, Toyota RAV4, Honda CR-V (this column, June 3) and Daihatsu Sportrak.

In the main, these are bought to improve perceptions of the owner's lifestyle. When floodwater collects under the railway bridge at the end of the road (or the council is late with gritting) their extra traction and higher clearance come in handy.

But it is all like the jodhpurs worn fetchingly by young mums for school runs and shopping that will never be marked by saddle or stirrup leather. It is the country-cum-equestrian look that counts. Also, the high driving position and butch out-



Who needs a road? The Daihatsu Terios - looks like a toy but has off-road muscle

line of an on-off roader evidently makes many women feel they are less likely to be bullied by aggressive males.

The fourth class is the otherwise normal 4x4 road car. The added grip of all-wheel

drive has a calming effect on very powerful cars like the Mitsubishi 3000GT. It has to be said, though, that two-wheel drive with an electronic traction control system works nearly as well

and avoids cost and complication. In Britain, motorists living in remote areas who need a cheap, economical four-wheel drive car to keep mobile in winter are not well catered for. Fiat's Panda 4x4

disappeared; Citroën never imported its AX 4x4. The sole choice today for those of limited means is Subaru's little Justy, a bargain at well under £10,000 on the road.

A new class of on-road 4x4

cars with increased ground clearance is emerging. They drive with family or executive car stability and comfort, but an excursion across fields or down a rough farm track will not cause expensive scraping noises underneath. Subaru's excellent Legacy Outback high clearance estate has a costlier Volvo counterpart. Others are in the pipeline.

Back to the present, Daihatsu's five-door, 1.3-litre Terios (£12,200) and better equipped, air-conditioned Terios-plus (£14,000) are affordable alternatives to conventional hatchbacks.

They will also challenge the five-door 2.0-litre, automatic-only Honda CR-V (from £16,850), Toyota RAV4 (from £17,818) and Suzuki Vitara (£16,225). Terios goes on sale on August 1. Its four-wheel drive system is permanently engaged and the centre differential locks if the going becomes really slippery. But, like the CEV and MV-4 (though not the Vitara) it lacks a high-low range transfer gearbox.

You could call Chrysler Jeep's Cherokee a North American on-off road classic.

It has been around for many years. Whereas Land Rover styled the new Range Rover to look more like a high-slung Mercedes S-Class, the latest Cherokee's understated lines have hardly changed despite many genuine improvements. It is not enormously roomy in the back, but the squashy leather seats of the £22,750 Cherokee 4.0 Limited I drove recently took four adults very comfortably and five at not too much of a pinch. If more space is critical, the Grand Cherokee 4.0 starts at £26,350.

More luggage space has been won by using a compact spare tyre. The minor controls and internal ambience are now more European than American. Detailing is excellent. Arrive home after dark, operate the central locking - and the headlamps stay on long enough to light your way indoors.

The ride is a touch

wriggly, but the automatic transmission is silky and very high gearing makes the Cherokee a relaxed motorway cruiser. It does not feel

at all bulky in town, where it is a nimble and vigorous car substitute. But overall fuel consumption will be in the high teens - say 18-19 mpg.

The new Wrangler Sahara flaunts its visual links with the immortal wartime Jeep. Having spent several days in Nevada and California in one of its predecessors, clambering over rocks the size of telephone boxes, I need no convincing of its go-just-about-anywhere capabilities. But it is not really made for Britain, where it is fine one day, pouring the next.

It would best suit countries where you leave the top up all winter, down all summer, because it is about as easy to raise and lower as a tent. (How spoiled we have become, with even quite cheap convertibles having power-operated tops.) On the road, its tyres crash noisily

Some affluent weekenders rate a big 4x4 as essential kit for a country cottage

into potholes and wind roar rules out conversation on a motorway.

Despite its new coil suspension, the Wrangler bucks on country lanes like a wayward horse. The front seats are large and comfortable, the rear two less so, and there is little luggage space. The 5-speed transmission is pleasantly light, the 4.0-litre engine so full of low-speed pulling power that fourth or fifth gears at little more than tick-over do for traffic. Use the gears positively, and the Wrangler accelerates fiercely enough to keep sporty hatchbacks at bay.

So who would buy one? Perhaps a classic car buff who used to own a 1920s touring car, the kind of motorist who likes to sit above lesser cars, loves ultra-high gearing and tolerates an uncomfortably old-fashioned ride. But he no longer wants to spend hours with his head under the bonnet, and is fed up with juggernauts outperforming him. He and a Wrangler would get on well together.



Bucks like a wayward horse: the Jeep Wrangler - for the most hard-chested motorists



Around for many years: the latest Jeep Cherokee, North America's

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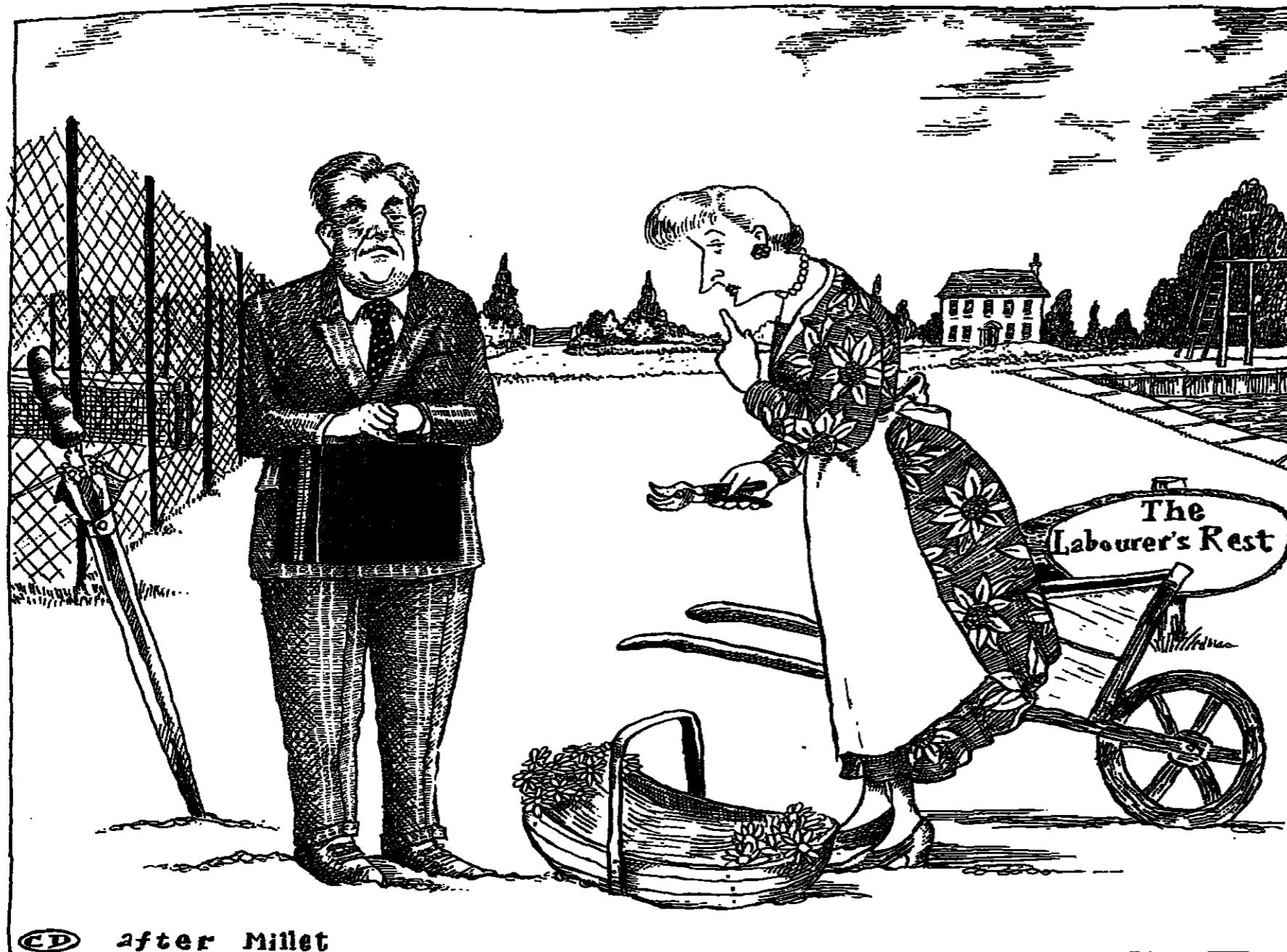
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PROPERTY / GARDENING



after Millet

Tied to the land but not of it

Sally Smith on the excesses practised by those exploiting the relaxed rules about workers' cottages

They stand in isolation, uncomfortable in their hard-edged just-built rawness, in their gardens of bare earth and embryo planting.

Suburban units in rural settings, constructed of pseudo-heritage materials and a world away from country homes which appear to have evolved organically from the soil beneath.

How did such houses, and a host of former agricultural buildings, get planning consent? They gained it through a planning condition known as an agricultural tie:

The occupation of the dwelling shall be limited to a person solely or mainly employed or last employed, in the locality in agriculture as defined in Section 290 (1) of the Town and Country Planning Act 1971, or in forestry (including a dependent of such a person residing with him), or a widow or widower of such a person.

Introduced just after the second world war, this special condition has allowed houses to be built in some of the loveliest and most isolated parts of rural Britain. Fifty years ago the exception was an acknowledgement that, although the construction of houses in rural areas was to be avoided, there was a need for farmers and foresters and their workers to live where they worked.

Hampton Court Flower Show is still open to visitors today, and tomorrow until 5pm. You can buy almost anything: a new strimmer for a mere £249, a metal armillary sphere with which to calculate the heavens for only £750 or a thatched mini-cottage for the children at £1,200, without fireplace. Start them young and you may risk them growing up to want a Daily Mail Dream Cottage which is a visual nightmare.

Hampton Court stands for glorified shopping if you can pick your way through the demonstration barbecues and cultivars of doughnut. Sometimes I dislike it in its new form, pinning for the early 1990s when alpines in pots still cost £1 and nobody had the nerve to try to sell a standard border-plant like *Helianthus Moerheim* Beauty for £5.50, or seedlings of the easy biennial *Salvia turkestanica* at £3.50. The days of value shopping have gone; there are certainly no bargains, but some exhibitors have brought plants which you would not find at your nearest nursery.

Sometimes, even now, I do enjoy it. The best of the outdoor gardens along the waterfront is being shown by Leyhill Open Prison, reassuring those of us already who regard their garden as a life sentence.

I could imagine owning something like it. Tomatoes climbed up the pergolas and parsley had spread underneath. Gourds, nasturtiums and ornamental types of vegetable

new planning guidelines - PPG7.

Designed to prevent development described in the policy as "speculative" and stemming from applicants seeking to exploit "the physical and financial advantages of a new house in the countryside", the aim is to ensure that farmers' houses and those of their workers are justified, suited to the nature

of the farming enterprise and its income - and to home-occupancy.

In future, it is also going to be necessary to establish that "the intentions to engage in farming or forestry are genuine, reasonably likely to materialise and capable of being sustained for a reasonable period of time".

"Quite right, too," says Michael Fletcher, planning consultant with Lane Fox, whose beat covers the Cotswolds. "If someone is serious about farming, living in a mobile home for three years won't deter them. And if they can sustain an income from farming for three years, then they should be able to continue to do so."

He also applauds the greater emphasis on the nature of the house which is to be built. PPG7 states that they should be "of a size commensurate with the established functional requirement" and that dwellings should not normally be permitted which are "unusually large in relation to the agricultural needs of the unit, or unusually expensive to construct in relation to the income it can sustain in the long term".

This can cause problems for existing farmers who have a good case, however. One who bought an 80-acre arable farm with only a cottage to accommodate his worker, expecting that a

holding of such a size would fully justify a new farmhouse, has had a shock. The planners have limited the size of the house, arguing that a study is not needed as farm accounts can be done on the kitchen table.

The new rules will also require planning authorities to become educated in the more arcane points of agrarian finance. "New permanent accommodation will not be justified unless the enterprise is economically viable," explains Joe Hiram of Hamiltons at Gloucester.

"This is going to lead to a financial test, and probably an explanation of farming economics."

He also fears that much will be down to interpretation by individual planners, in particular the precise meaning of "locality".

That is for the future.

Today, there are many houses occupied by people who in no way comply with the conditions.

Some are newly-built, others have been bought in the past, the owners having taken a risk.

No wonder that there is an entire industry involved in getting these ties removed, not least because, at a stroke, the property will double in value.

Anyone thinking of buying such a house - or currently living in one - should be fully aware of all this and take some expert advice.

Caravan dwelling is not a concept with appeal to those fleeing Pont Street, SW1

of the farming enterprise and its income - and to home-occupancy.

For instance, clause 114 states: "If a new dwelling is essential to support a new farming activity, whether on a newly-created agricultural unit or an established one, it should normally, for the first three years, be provided by a caravan, a wooden structure which can easily be dismantled, or other temporary accommodation" - not a concept with immediate

appeal to those fleeing Pont Street, SW1.

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Hampton Court Show

Trophies from among the gadgets

Robin Lane Fox offers tips to anyone with the stamina to visit the event this weekend

filled out a thoroughly admirable presentation. The theme-title added to the experience: "The Good Life: two in a bed". A male bounder in a panama hat remarked off my pleasure by remarking that three would be even better, although HM's cell arrangements probably prevented them from realising it. He was on day release from the private clients department and was visiting unaccompanied.

May I recommend marqueses five and eight to anyone with the stamina to visit this weekend? Marquees five has two outstanding arrangements of perennial border flowers which show once again the artistic heights now mastered by our best exhibitors.

Rushfields of Ledbury have graded colours with their usual sensitivity and are showing a range of plants round which I would willingly build a new border. Their brightly-coloured Monardas would probably be short-lived, but it is good to see old friends like Cambridge Scarlet in top form and to be reminded that this family is an excellent filler for borders which move slowly in early years.

Rushfields' most sought-after plant has been *Penstemon*



In Leyhill Open Prison's garden, vegetables make a bid for freedom

Digitalis - as the experts have now named one of nature's little puzzles. This plant looks like both a penstemon and a foxglove and grows nearly 3' high to judge by the exhibits. Its leaves are flushed with red-purple and the small flowers are an enchanting combination of lilac and pink-white. I have put it on

my shopping list for a less frenetic occasion.

In the same marquee, Hardy's Cottage Plants are following up their Chelsea-style with a splendid cottage garden, divided into groups called past and present. Past includes old friends like the pretty pot marigold, *Calendula* Apricot, which we

could all grow more often from seed. Present includes some signs of the future, including an unusually deep pink form of *Gaura lindheimeri* which has a rich colour and great prospect, though it is not entirely hardy.

Marquees 1 and 2 include particularly fine exhibits from Mallet Court Nursery, that

essential source of unusual trees. Their range of hollies always tests my knowledge and this year I was particularly struck by the fresh green flex corallina from China which has hardly any spikes. Variegated oaks and an exceptionally good Japanese maple called *Acer palmatum* Filigree rounded off an unusually interesting selection.

Further on, Brian Hiley continues to enlarge our ideas of good, half-hardy plants for potting and bedding. This year's star turn is his dark maroon-red *Pelargonium Schottii* from South Africa, never previously shown and not easy to grow but irresistibly beautiful in its combination of flower and grey-green leaf.

Marquees 8 is something of a haven after the vulgar pottery and glazed ware which is being sold outside it. As usual, the tent is given over to National Collections of particular families. The middle of the tent is taken up this year with some expanses of water garden which I found pretty dull. The edges have one or two exhibits from particular families which repay close attention. There is an extremely welcome exhibit of Angel pelargoniums, a great favourite

of mine because of their long-flowering season in window boxes and containers. Derek Lloyd Dean of 8 Lynwood Close, South Harrow, Middlesex HA2 9PR, supplies by mail order only and has a range of these small-flowered varieties - the most fascinating I have seen.

Take note for next year's bedding as plants can be ordered for 1997-98 at £1 each. His neighbour, J. Bradshaw of Herne Bay, Kent, turns out to be the national holder of honeysuckles and the stager of an extremely interesting range of named forms of the more standard types of honeysuckle which we all grow.

I had vowed on a no-shop policy, reinforced by the inevitable entry fee to what could be regarded as mainly a trade fair. I weakened, however, before the specialist salvia and would have weakened several times over before the remarkable range of Box which is offered by Langley Nursery, Rake, Liss.

I am reflecting with pleasure on my main purchase, a red *Salvia* of the most vivid shade. *Salvia blepharophylla* is said by its nursery to be hardy at -10°C. I have my doubts, but meanwhile I cannot resist this old friend, so much prettier than the beastly scarlet bedding in our city centres. It grows 18 inches high and supposedly flowers from July to November when I expect the frost will kill it nonetheless. Somehow a vivid red salvia seems the right trophy from a day among the gadgets around the Hampton Court marqueses.

Roses
Kevin Pilley visits the first stop on any rose lover's holiday

Roses
Heaven in the Lyon backstreets

Madame Odile Masquelier is obsessed with the size of her hips. She can't stop talking about them.

The bigger her hips, the happier she is. Masquelier owns and lovingly tends *La Bonne Maison*, her garden in the backstreets of Lyon.

Europe has some of the finest rose gardens in the world. In Italy, there is Rome's Municipal Rose Garden, a natural amphitheatre on the slopes of the Aventine Hill. The Netherlands has Westbroekpark in The Hague, Spain boasts the Parque del Oeste in Madrid, Ireland has St Anne's Park in Dublin, Germany the Westfalenpark in Dortmund and Denmark the Valbyparken in Copenhagen.

Britain's main collections are at Queen Mary's Garden in Regent's Park, London, and the Royal National Rose Society's Gardens of the Rose at Chiswell Green near St Albans, Hertfordshire.

In the US, the most famous rose gardens are at the home of American chocolate, Hershey, Pennsylvania and the Park of Roses in Columbus, Ohio.

France has three well-known rose collections: *La Roseraie de l'Hay les Roses* and the *Bagatelle* (both in Paris), and the *Parc de la Tete d'Or* in Lyons.

Lyons, which has Europe's largest protected Renaissance quarter after Venice, should be the first stop on any rose lover's holiday.

The first hybrid tea rose, *La France*, was bred there in 1867 by Jean-Baptiste Guillot, and in 1900 Joseph Pernet-Ducher (the Wizard of Lyons) brought yellow to bedding roses when he created *Soleil d'Or* from a red hybrid perpetual and the Persian Yellow. A seedling - 3-35-40 - raised by Francois Meilland was flown out on the last American aircraft to leave as France fell in 1940. Once nurtured, it was placed on the tables of the subsequent peace conference and came to be known as Peace.

If the authorities find out to the contrary, they can hardly let matters rest, especially as the guidelines suggest that the operation of occupancy conditions should be monitored and enforcement action taken where appropriate.

And it is no use hoping to sell quickly - for purchasers must comply with the same occupancy conditions, thus severely limiting the number of potential buyers.

No wonder that there is an entire industry involved in getting these ties removed, not least because, at a stroke, the property will double in value.

Anyone thinking of buying such a house - or currently living in one - should be fully aware of all this and take some expert advice.

An introductory lesson from Masquelier is recommended. Then you will know how Empress Josephine helped popularise roses when, in 1799, she created a display garden at Malmaison, her chateau near Paris; following her divorce in 1809 her interest in roses intensified and the blooms became fashionable for the wealthy to grow on their estates.

That the first hybrid perpetual, *Rose du Roi*, appeared in 1816.

The first elegant upright pink, *Ophelia*, dates from 1812; the first hybrid polyantha, later called floribundas, *Elise Poulsen*, was created by the Dane, Svend Poulsen, in 1924.

You will also hear her talk of great and famous rose growers, such as the German Kordes family and Britain's Alec Cocker and Harry Whealcroft, with the same reverence as if they were vineyard owners.

La Bonne Maison, 99 Chemin de Fontainette, 69380 La Mulatiere, Lyons. Tel 04-33 473 837.

July 19-20: National North-east Rose Show, Ormskirk Hall, Middlebrough.

July 20: Rose Day at Windsor Great Park.

July 27: Rose Day at Castle Howard, York.

August 3: Rose Day at Newby Hall, Ripon.

BEACH

heaven in
the Lyon
backstreets
in Piley

On a hill, dominating the valley slopes, stands Aynho Park, a classic 18th century country house in south Northamptonshire.

It is one of nine grand houses owned by the Country Houses Association that provides retirement housing with a difference. The houses have been divided into flats, but the gardens and the main rooms are communal, and three meals a day are provided – and included in the service charge.

At Aynho, a suite of superb state rooms occupies the south front, from the orangery (now the dining room) at one end to the library at the other, where the residents have coffee.

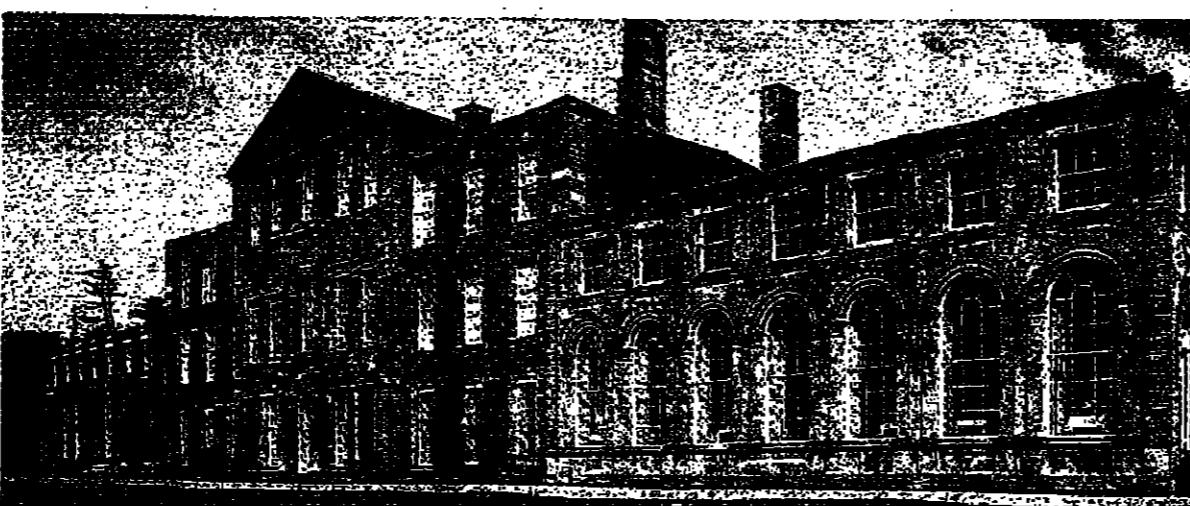
It is easy to imagine the good life in this powerhouse of 18th century politics, when the Cartwrights lived here as the leading family – and usually the local MPs – of the area.

The CHA bought Aynho in 1960, after the last Cartwright owner and his son died in a car crash. Originally the Mutual Households Association, the CHA started in 1955 when Rear-Admiral Bernard Wilberforce Gresham had the idea of an association that could save country houses at risk and at the same time provide accommodation, with management, services and meals, for retired people from the services and professions.

After the second world war, country houses looked a doomed way of living and a part of British social history that could never recover. Facing crippling death duties and 28 per cent income tax, many owners could not afford to keep them.

In 1956, the CHA (MHA) acquired its first property, Danny, a grand Tudor house under the South Downs at Hurstpierpoint in West Sussex that Lloyd George had used as a safe place for cabinet meetings in the first world war.

To pay for the properties and refurbish them, Gresham proposed that residents should make an interest-free loan to the CHA of a fixed sum, from which the CHA would deduct a 3 per cent annual depreciation charge and the costs of redecorating the apartment at



Aynho Park in Northamptonshire: divided into flats, but with communal gardens and main rooms

Such a classy route to retirement

Gerald Cadogan looks at twilight in grand surroundings



Danny, the first property acquired by the association

the end of the occupancy, before repaying the remainder. This system still operates.

The size and position of the flat, and the location of the house govern the size of the loan – Surrey costs more than Northamptonshire, for example.

At Aynho, loans range from about £25,000 on the north side of the house to £35,000 for an upstairs flat on the south front. They are not burdensome sums for incomers who may have sold their last house for £500,000.

As in retirement schemes, such as those of Beechcroft and English Courtyard Association, residents bring their own furniture for the flats – and, in some houses, their own table for the dining room. Services include hot water and heating, cleaning, meals, resident administrators – couples – and gardening. Many residents also have a patch of their own and help in the general gardening.

There is no council tax or rent. The monthly charge for services, food and electricity starts at £400 and can go up to £1,800 for a flat with several bedrooms and two bathrooms.

The houses also provide guest rooms at £10 a night – popular with families coming to visit grandparents – and are now offering short breaks of between two and 14 nights with bed and breakfast, at £35 a night single, or £55 double. Other meals are extra. It is a good way of using flats that happen to be vacant, says CHA chief executive Alan Bennett.

The CHA has 250 flats in its nine houses with room for up to 350 residents, including guests. "At present we are 80 to 85 per cent full," says Bennett, "but I should like to run at 95 per cent."

He said the houses were not hotels. Nor, he added, were they running geriatric homes. It is a condition of occupancy that residents leave when they are permanently unable to reach meals.

The oldest resident is 98. There is no minimum entry age. Two-thirds of the residents come through personal recommendation and are now mostly professional people with, says Bennett, a fair number of ex-diplomats, ex-military people, and former expatriates.

Anyons wishing to take a flat in one of the nine houses must first join the CHA (which is a supporters club as well as being the charity running the scheme), and then visit a house and meet the administrators.

After that hurdle, they will come to stay as guests for a couple of nights, at which time the residents

meet them and ask them for drinks. Then they can apply.

Some houses have vacancies, some waiting lists. It takes between six and 18 months between making the decision and actually moving in, Bennett finds.

The CHA is seeing a surge in new lettings at present, largely because it is easy to sell property, although it has a sticky patch a few years ago.

Bennett thinks the CHA could soon be ready to take a 10th house. Customarily, the CHA only takes a house and surrounding gardens, but not the park or farmland. "We are not big landowners," says Bennett. "We just want the gardens round the house."

The houses (in Berkshire, Devon, Essex, Kent, Northamptonshire, Surrey, Sussex and Wiltshire) are all of architectural interest – and open to the public, when residents guide the visitors.

Maintaining the houses and grounds is a principal obligation for the CHA. At Aynho the goal is now to restore the temple in the garden, and the ice house.

■ **Country Houses Association, Aynho (01869 812800).**

On the Move London proves its capital value

Gerald Cadogan tells of some staggering returns

Total net returns from investing in central London property in the year ending in March 1997 were, on average, 25.9 per cent, new figures from Savills suggest.

This easily beats farmland, which saw a 19.3 per cent return in 1996, and equities at 14.9 per cent. It is a staggering result, reflecting the sharp rise in capital values and the obtainable higher rents.

In rental values the sharpest rises have been in Kensington – 17.4 per cent in the year to March 1997 – with house rents rising more than flat rents. Chelsea and Knightsbridge did not do so well, with a typical 9 per cent rental increase in the year till March 1997.

Princely pile

At Burnham in Buckinghamshire, Nashdom is an unusual country house designed in 1908 by Sir Edwin Lutyens for a Russian prince and his wife, a Lancashire cotton heiress.

Five flats are still for sale in the house, at prices from £195,000 to £280,000, and others are on offer in the new east wing, at prices from £225,000 to £450,000. It is a sympathetic and smart con-

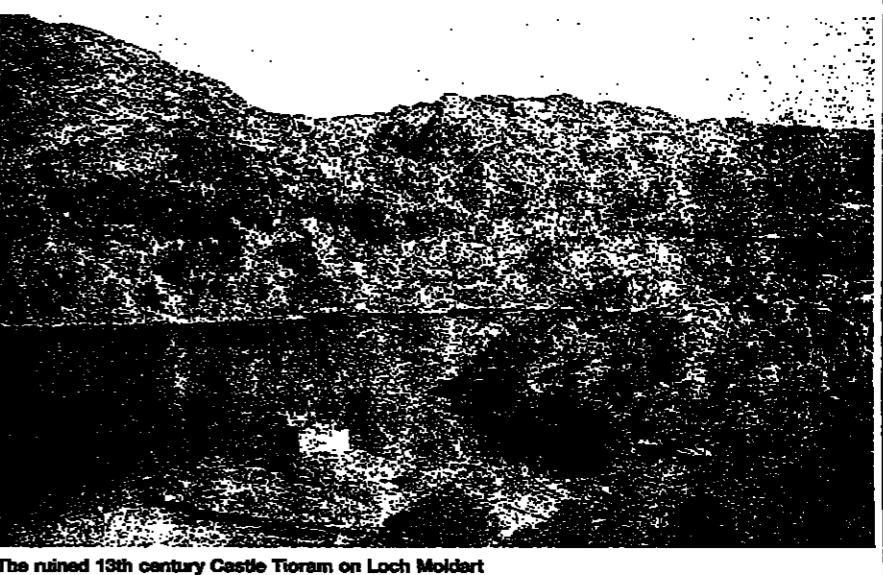
version. The agent is Savills (01832 853435).

Early Lutyens

In Canterbury in Surrey, Lutyens designed Titwood, 10 years before Nashdom. It is in his early arts and crafts, large-cottage mood, emphasising irregular shapes and odd corners – and keeps many of the original features. Carson (01223 848848) asks for offers over £325,000.

Romantic ruin

Even more romantic is the ruined 13th century Castle Tioram on Loch Moidart in Inverness-shire. The ancient seat of the Macdonalds of Clanranald, it saw constant conflict until the clan chief died at the battle of Sherrifmuir in 1715 supporting the Old Pretender, when it was decided to destroy the castle rather than let it pass to the Hanoverians. Tioram, pronounced "Cheerum", is on an island in the sea loch and accessible only at low tide. Brodies (0131 228 4111) asks for offers over £100,000.



The ruined 13th century Castle Tioram on Loch Moidart

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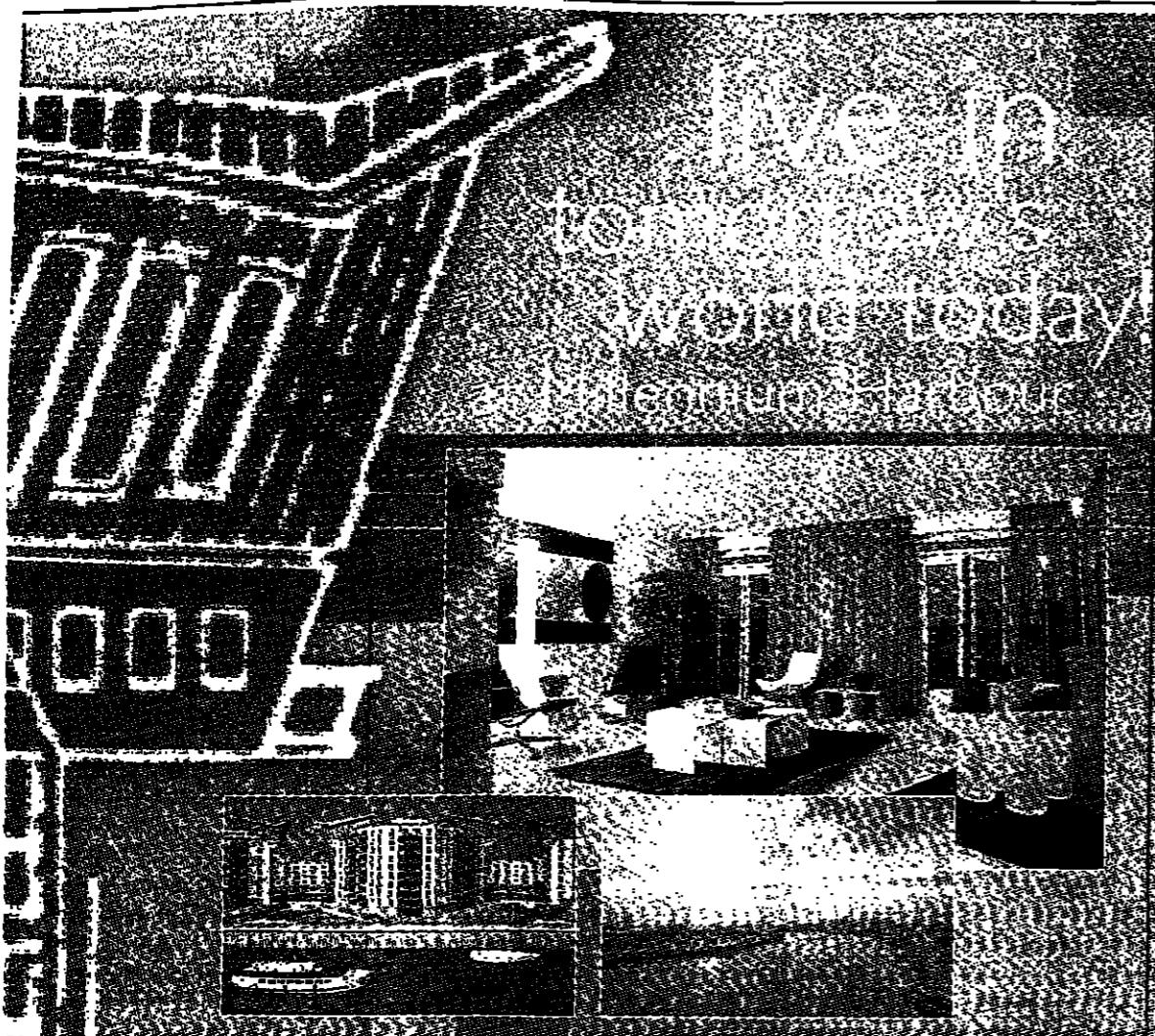
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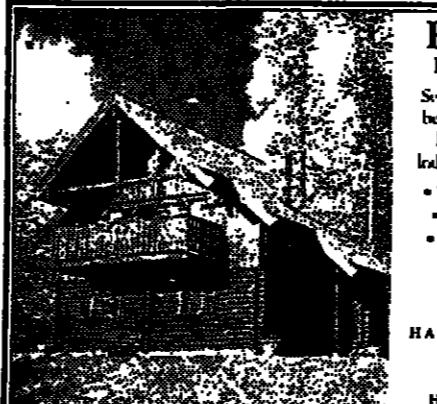
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The busy bees and koalas of Kangaroo Island

In the first article of a four-page focus on Australia and its islands, Nick Haslam visits an area where more than half the people in the local phone book are direct descendants of mid-19th century settlers who survived disease and near starvation to clear land and set up farms

The first crewman to sight this coast in 1802 caused hilarity among his mates when he shouted tremulously: "The rocks are moving." But it was not a bad case of cabin fever. On landing, the sailors found the shoreline thronged with large curious kangaroos which, never having seen a man before, hopped over for a closer look.

Starved of fresh meat after three months at sea, the men needed no second bidding. The slaughter was terrible. The ship's captain, explorer Matthew Flinders, gave prayers of thanks and named the place Kangaroo Island.

Only 12km from the shore of South Australia, the island, third largest in Australia, still has a rugged atmosphere very different to that of the mainland.

The Buicks, Turners and Wilkins who seem to occupy more than half the island's phone book are fifth or sixth generation island dwellers, direct descendants of the determined settlers who survived disease and near starvation in the mid-19th century to clear land and set up farms.

My first day on Kangaroo Island dawned grey and cold. I joined a group of tourists for a nature safari led by guides, Brian and Ken, who in spite of having spent between them more than 30 years on the island were still considered newcomers.

"You have to be here for three generations to become a local," said Ken. We drove along wide unmade roads over the rolling land and soon came across another recent interloper.

Wedged in a large swamp eucalyptus gum tree, high above us, a koala drowsed away the morning. A descendant of one of the 18 animals introduced in 1918 when mainland populations were dwindling, there are now an estimated 5,000 koalas living on Kangaroo Island.

"Ecologists say that we can support a maximum of 3,000," said Ken, "and overgrazing is killing the gum trees on the island which are their only food source." Culling had been proposed, but the government so far was reluctant to order the systematic slaughter of the koalas, which is dear to the heart of most Australians.

As I looked up at the animal, thinking that it would be difficult indeed to kill such an endearing creature, there was a sudden flutter of excitement from two American tourists. Perched on a bough not far away was a pair of Glossy Black Cockatoos, of which there are only an estimated 180 surviving.

"The world's rarest cockie," said Ken, adding proudly, "only found on the island." The birds preened and called to each other, was the best of the lot.

'Blue Gum, a thick amber with a suggestion of wood smoke, was the best honey of the lot'

back in the water I can tell you, mate."

Until comparatively recently, Kangaroo Island was a purely farming community with thousands of sheep grazing its fields.

But the local economy was hard hit when the bottom fell out of the wool market at the end of the 1980s, and many farmers had to diversify or go bust.

Next morning, I visited David Clifford, who had made the unlikely transition from wool to honey. Working with hives of Ligurian bees, a docile but hard-working strain introduced into the island from Italy in 1885, he now exports honey and queen bees all over the world.

Tending a large centrifuge spinning honeycombs in the large sweet-smelling warehouse, he insisted I try a selection of his produce, named after the trees from which the bees had taken nectar. We ranged through Stringy Bark to Narrow Leafed Mallee and then both agreed the Blue Gum, a thick amber honey with a suggestion of wood smoke, was the best of the lot.

Thoughtfully sampling another spoonful, he told me he still ran

some sheep but spent 75 per cent of his time tending his bees. "I wouldn't have it any other way."

He said: "That night I stayed at Telhawk farm on the western end of the island. Jim and Josie Thiseiton had lost out when the wool market collapsed and had been forced to shoot most of their sheep in 1991 as the farm's income dwindled by 75 per cent in 12 months.

Over supper in the wide living room of their farmhouse, Jim said: "The whole of rural Australia is hurting." He added wryly: "Have you heard the new definition for child abuse? Leave your son the farm."

Like so many islanders, the Thiseitons had not taken defeat easily. Deer replaced the sheep. Josie took in guests, and Jim trained as a diving instructor, taking groups out from a small cove on his land to dive in the Southern Ocean.

Having made sure I would be unlikely to have a close encounter with a Great White, I volunteered to go with him. The following morning found us struggling into wetsuits and air bottles on the stern of his launch, moored in a tiny cove beneath towering cliffs.

A sealion and her pup watched from the rocks as, heart wedged firmly in mouth, I leapt off the boat into the sea. The clarity of the Southern Ocean was extraordinary, and we swam through kelp over deep ravines of muted soft colours at 40ft, while a frieze of white high above our head marked where the surf crashed against the rocks.

Jim suddenly tapped me on my shoulder and pointed. There, 2m away, revolving slowly on its axis, was the sealion pup, bubbles clustered around its nostrils, gazing at us curiously. The safety drills had been thorough, but Jim had not warned me about the dangers of attempting to laugh while breathing through a regulator.

I nearly choked, and then stifling my mirth watched as the pup circled a few times and effortlessly flipped over and sped to the surface. Back at the launch 20 minutes later, we removed our wetsuits and sat on the stern eating venison pies from Jim's farm as the launch rose and fell on the swell.

"The problem with this island," said Jim looking up at the cliffs, "is that it gets into your blood." I understood what he meant. After only five days, I knew I would leave the island with regret.

■ Nick Haslam flew to Australia with Air New Zealand. Return fares London to Sydney start at £578 (April/June) available from Bridge The World, tel: 0171-734 7447. For more information about Kangaroo Island contact the Australia Helpline, tel: 0890 022 000.



For the first time in a lifetime of climbing into aircraft, I was asked by the Qantas check-in staff to add myself to my luggage as it was weighed for my flight to the world's most southerly coral island.

"Just step on to the luggage belt, would you please, Mr Wilson?"

I guessed then that Lord Howe Island, a boomerang-shaped dot on the map some 450 miles east of Sydney and Brisbane, almost half way to New Zealand, was going to be unusual.

"We don't have regular refuelling facilities on the island," was the official Qantas explanation of the need to know to the nearest nanogram the weight of the fully-laden aircraft.

They also need to cater for the possibility that the aircraft may have to return to the mainland without landing: this part of the Tasman can be, according to the locals, a particularly mean piece of ocean and occasionally conditions can be too blustery for a safe landing.

The next eccentric detail was having to put my watch forward half-an-hour. Lord Howe Island, Australia's most easterly domain, operates 30 minutes ahead of the country's Eastern Standard Time.

All was blissfully calm when I arrived to find the locals mopping up after the worst rain storm since the island was discovered by Lieutenant Henry Lidgbird Ball, commander of

Feeding time off Ned's Beach

Arnie Wilson visits remote, boomerang-shaped Lord Howe Island

HMS Supply on February 17, 1788.

In the space of a few hours on the night of June 18, 18in of rain, and fierce winds battered the island, gouging great scars through the banyan and palm covered slopes of the towering Mount Lidgbird (2,500ft) and Gower (2,840ft).

The storm-flooded homes and ripped-up sections of the island's fragile road system temporarily made a nonsense of the ubiquitous "Rainwater - Please Conserve" notices dotted round the island's tourist lodges.

"There's too much damage for us to cope with alone," said Gary Payten, who runs the Beachcomber, one of the lodges. "We may have to get the army in from the mainland."

There are not many people on Lord Howe Island. The population is less than 300 and even with every tourist bed filled - the numbers are restricted by law to 400 - humans are far outnumbered by nesting seabirds.

Lord Howe and its surrounding islets are the only known breeding location of the Providence Petrel and are home for what is probably the largest concentration of the aerobic Red-Tailed

Tropic Birds, as well as being the most southerly breeding location of the Masked Booby, Sooty Tern and Noddy Tern.

But the birdlife here has not always had the best of things against man. When Thomas Gilbert, Commander of HMS *Charlott*, visited the island three months after Lieutenant Lidgbird Bell's historic discovery - made while returning from the penal settlement at Norfolk Island to Sydney - he wrote in his diary:

"On landing, a very agreeable scene presented itself. The whole island appeared to be covered with trees, among which mangroves and coconuts were conspicuous. Great numbers of gulls, very large and fat, were about, showing less fear than geese in a farmyard."

I was surprised to see large, fat pigeons, so tame as to be knocked down with little trouble. Partridges, likewise in great numbers, ran along the ground. Several of these I knocked down. Five or six dozen of the same kind came up, and I was able to take nearly the whole lot."

The birds were either flightless, like the Woodpecker and White Gallinule, or fearless. Commander Gilbert mentioned "birds

as big as large fowls" of which he caught six "by running them down among the low bushes".

Photographer David Doubilet refers to the island as an "oceanic larder, a stop for scurvy-ridden ships and sailors sick of British naval cooking". Aided and abetted by regular visits from

Eleven kilometres long and less than 3km across at its widest, Lord Howe Island hovers like a dream on the boundaries of the Coral and Tasman seas. It has no snakes or dangerous wild animals. "And no yahoos, thong-brigade litter or crime," adds Bill

Carter, who has developed this simple ceremony into an art form. Long before the sun sets, fish of all shapes, sizes and colours have started to gather in the bay like football fans before a big match or wild dogs awaiting a daily feed.

He must have been right - Ken Cropper, the island's policeman, was on holiday during my visit. Occasionally he has to deal with a tipsy motorist exceeding the island's 25kph speed limit, but there are few cars.

The normal method of transport is the bicycle, but most people are only too happy to enjoy some of the splendid island walks. The island also boasts some of the best scuba-diving locations in the world. There are fish in abundance.

Every evening just before dusk, Brian Simpson, born on the island more than 60 years ago, walks down Ned's Beach to the water bearing two containers of leftover food and slops rescued from the island's restaurants to feed the monsters and minnows of the deep.

Years ago, people used to feed them bread. Simpson, for complicated reasons better known as

all 500 species turn out for Carter's nightly feed: Australian Salmon, Trevally, Trumpeter, the extraordinary looking Double-Header Wrasse, Silver Drummers (aka Stinkers) and even Bronze Whaler.

Only once has this watery circus act gone wrong: last year a watching child had his leg mauled badly by a small shark and had to be flown to the mainland for emergency treatment.

It has to be said that the last big shark recorded in these parts was an 18ft Tiger Shark caught off the jetty in May 1942. Its stomach, when cut open, contained a turtle, a cat, a goat, an albatross and a smaller dead shark.

Shark was not on the menu when Bill Sheard and his charming New Zealand born wife Jamie barbecued some fish for me on my last night at Trader Nick's. "And we can't offer you any crocodiles, either," he said. "But when you get back to Australia" - speaking as if it were a foreign country - "don't forget they have snakes and crocodiles there."

"In fact, the salties are protected these days, so they're on the increase, and moving south. Before we know where we are, there'll be crocodiles wandering around Sydney."

■ Arnie Wilson's visit to Lord Howe Island was arranged by the New South Wales Tourist Commission.

■ Lord Howe Island's Internet site: <http://www.wine.com.au/lordhowe.htm>

TRAVEL

Amanda chuckled as she drove past an old oil barrel. It was painted blue with the words "lift um foot" daubed on it in white paint. The gravel road went up a slight hill and around a corner. It was only when I saw another barrel with the words "puttum back down" that I realised these were road signs - Aboriginal road signs on an Aboriginal road.

These signs and a lookout point near Watarrka National Park are the only features on the Merenie loop road that traverses arid scrubland in the red heart of Australia.

The attraction of the loop is not the land itself, but the fact that it conveniently completes a circular route from Alice Springs taking in all the major sites as well as some of the more out of the way hidden gems that this part of the Northern Territory has to offer.

I had rented a four-wheel drive fully equipped for camping, and taken to the Stuart Highway. In spite of sharing the driving with my wife, the journey to the Rock seemed never-ending. I had always thought that Uluru (Ayers Rock) was just outside Alice Springs. Some 450km of paved road later, we reached it. I was four hours older, but wiser about the immensity of Australia's geography.

Ayers Rock is as awe-inspiring as the photographs make it out to be. At dusk this monolith of red sandstone glows as the fading light catches it, but to my mind the dawn is even more extraordinary.

The landscape around the rock is sparsely covered with low shrubs and grasses. There is nothing with any height to it except the rock itself. As the sun lifts over the horizon its morning rays strike the rock while the ground is still in darkness. The effect creates the illusion that the light is generated from within.

It is a very special moment, one that, unfortunately, everyone else wants to see and, selfishly, this makes me appear. I remained standing in line with several hundred other people. Tours by the coachload, minibuses from the hotels, cars and vans for space in the official viewing area.

Sun up and the race is on. Climbing the Rock is still the done thing, despite the fact that to the Aborigines this is a sacred site and not a playground for tourists. I could see a steady stream of figures ascending the 348 metres in the early morning cool. The Aborigines call us tourists *mungas*; it is the same word they use for ants.



Ayers Rock: climbing it is still the done thing even though the Aborigines regard it as a sacred site and not a playground

Guy Marks

Champagne as the sun goes down

So long as the track is beaten, I will always find a way off, resolves Guy Marks

I was glad we had our own transport. We did not have to stick to someone else's itinerary and stay with the crowds. We left the *mungas* to their climb and drove to another group of rocks nearby. The Olgas, now renamed Kata Tjuta, are a less well-known formation than Ayers Rock, but even more spectacular.

Rather than being a single monolith, the rocks fractured in geological prehistory. The effects of weathering and erosion have rounded the rocks and created a maze of gullies, gorges and valleys, each more beautiful than the last. One of the suggested walks at Kata Tjuta is a four hour trek along a route called the Valley of the winds.

Far from being overcrowded, we had the place almost to ourselves. The vegetation changed rapidly from arid clumps of spinifex grasses to rocky colonies of purple poker-flowered plants. The path wound between the rocks, through hidden forests of mulga bushes and white-barked eucalyptus, bloodwood and river red gums. There was a shrill call of birdsong as our presence inter-

rupted an avian display.

The path climbed steeply from the valley floor to a high pass between two great stone mountains. It was hot work, but a cool breeze revived us as we sat in the shade at the summit. From this vantage point we could see that the forest stopped abruptly on a plain of exposed sand which shimmered in the sun. In the distance more rounded peaks dominated the skyline. I could just make out the dark green veins that ran between them, as they protected and nurtured their own hidden valleys.

There was an air of timelessness. It was like discovering something unique. Of course there would be many people here as the day progressed, but just for this moment I felt we were stumbling into a private world.

To cater for the constant crowds requires extensive facilities. Ayers Rock Resort, just outside the national park, has managed to provide these with flair and attention to detail. Accommodation is available to suit every pocket, from a camping ground to dormitory style lodges,

cabins and several hotels. The resort's flagship is the Sails in the Desert hotel; five-star accommodation in a no-expense-spared luxury environment.

Any number of tours and day trips can be arranged from the resort, which can transform the trip from merely admiring the

'We had still to discover the canyons, chasms, gorges and gaps on the circuit map'

natural beauty of the environment to learning something of the traditional way of life and cultural heritage of the Aboriginal people.

We passed a wonderful evening at the Sounds of Silence restaurant. This involved being taken out into the desert to be served champagne as the sun went down over the Rock, listening to

the sounds of the didgeridoo. The tables were laid in a clearing and a gastronomic delight was presented to us, including unusual dishes such as emu and kangaroo. When the meal was over an astronomer arrived and gave a commentary on the night sky around us.

For all its luxury, though, we were not sad to leave the resort behind and head out off the beaten track. We had still to discover the canyons, chasms, gorges and gaps that were marked on the circuit map.

After another early-morning trek at Kings Canyon, we followed the Merenie loop swiftly towards Hermannsburg. Just before the old mission town we left the road and made the most of the four-wheel drive. The track to Finke Gorge National Park fords rivers, ploughs through soft sand and crawls over rough and bumpy rocks. The reward is to

arrive in Palm Valley. Unlike the Sounds of Silence, here at Palm Valley there was no champagne. We did, however, remember to bring a few cold cans of beer. The sun glowed orange on the distant rocks and somehow we didn't miss the sound of a didgeridoo. The campfire flickered and crackled, the food wasn't gourmet and exotic, but home cooked and slightly chargrilled. Each other's company was all we

needed and in the night sky we could see the Hale-Bopp comet along with the now familiar Southern Cross.

The journey was nearly over. We had seen just one kangaroo which skipped out of the bush as we drifted overhead in a hot air balloon from Alice Springs. We had dined off another. We had stayed in Alice Springs' only five-star hotel - the Plaza - and we had seen some of the most spectacular sites that the Territory has to offer. This night in Palm Valley, though, had a calm and simplicity that capped it all. So long as the track is beaten, it is always worth finding a way off.

Personally, I will look for tranquillity and a place where the road signs say "lift um foot".

Guy and Amanda Marks travelled as guests of the Northern Territory Tourist Commission (tel 081-944 2992) and Singapore Airlines (Reservations 0181-747 0007).

Singapore Airlines has a weekly service to Darwin - prices from £300 return UK. Internal flights in the Territory are available from Ansett or Qantas.

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TRAVEL

High riders in the Snowy Mountains

Nick Haslam feels saddle sore but happy after a trek in the footsteps of gold prospectors and drovers

From Never Never Creek, through Happy Go Lucky Flat to Pinch Gut Gully, the map tells quite plainly the story of the High Country of the Snowy Mountains.

The first Europeans in the mid-19th century had little time to be poetic. Gold prospectors or cattle drovers, the names they so literally scattered speak of the back-breaking toil of opening trails with pick and shovel through the thick eucalyptus scrub.

For 10 days, on horseback, we were to follow in their footsteps. A disparate group of 10 riders, we were united by a love of horses and the great Australian outdoors. From the man who looked like a bushranger in leather chaps, battered slouch hat and beard, who was, it transpired, an unemployed forklift driver from Wollongong; to the dainty British fund manager who had brought her own riding hat, jodhpurs and leggings.

We were led by John Rudd, whose family has run cattle and sheep in the Snowies for three generations. In his late 50s, he was calm and laconic, carefully matching rider to mount on the first day from a selection of spirited ponies bred on his farm. Under a clear blue sky, we climbed through the pine-covered land that surrounds Canberra to the tall eucalyptus groves of the hills.

It was November, the notoriously fickle Australian spring, and John had told us to expect anything from snow to temperatures into the early 30s centigrade. Clad in old jeans, shirt and borrowed slouch hat, I realised quickly that I was a born rider and sat with easy insouciance in my saddle. But my snug reverie was quickly shattered. "Head back, shoulders back," shouted John, trotting up behind a me.

"If you look like a banana, you'll ride like one!"

I snapped upright and, avoiding the amused smirks of others, rode ramrod straight for the rest of the day. By 4pm we had cov-



Ride 'em high: If you look like a banana, you'll ride like one'

ered 20km, and eased ourselves with relief from our saddles at the camp.

Sandy, our cook, had arrived hours before with the four-wheel drive and trailer, and a steaming fire. Stirry, we put up our tents, and as the first stars appeared

but damper and anything else they could hunt in the bush. As we sat close to the roaring fire in the growing chill of evening, Rudd told about the sudden blizzards which could sweep the High Country, and of men found frozen to death in deep snow-drifts.

"A man was known for two things: stockmanship and mateship. Your life could depend on someone else looking out for you."

At 5.30 next morning, an exotic chorus of liquid cries made sleep impossible. Kookaburras, cockatoos, magpies and whip birds were greeting the new day. People slowly emerged from their tents, gingerly comparing notes about degrees of soreness before having a leisurely breakfast by the fire.

By the time the heat of the sun

could be felt, the tents were packed and the horses, corralled during the night by a portable electric fence, had been fed their nosebag of oats. Finally, and with some trepidation, we climbed carefully on to our horses and rode out for the day.

The following afternoon, coming across some rough country, we found Sandy's trailer stranded across the track with a broken hitch. But even here, high in the mountains, help was not far away. A radio call was made and next morning, a small open truck came bouncing along the track.

"G'day all," said the driver.

"Having a bit of trouble John?" He found and bolted on a new trailer hitch before climbing back into his vehicle and heading off into the bush.

"That's Darren," said Sandy. "Part-time car repair man and racehorse owner - people up here can turn their hand to most things."

On the third day, a group of horses suddenly appeared on the other side of the valley. They wheeled, startled by our appearance, and then took to their heels, led by a big brown stallion.

"Brumbies," said Rudd. These wild horses could make excellent mounts but were notoriously difficult to catch.

"We soared a stallion earlier this year," said Rudd. "He came into camp after a couple of our mares, and two Kiwis managed to get a rope around him. Mind you, he dragged them for a half mile before they brought him up. I gelded him, and he's a good horse now. Those Kiwis, though, were sore for weeks."

As the days progressed, the aches and pains subsided, and when we came into the Kosciusko National Park, where John Rudd had farmed sheep for many years, we could put the horses through their paces, cantering over the high rolling open grassland.

In a beautiful sunset we cantered the horses for the last time. At the paddock, the horses were unsaddled and, sensing their freedom, galloped down to the edge of the lake to roll in the shore's sandy gravel. It was sad to say goodbye for we had covered more than 300km together. I knew that all the riders wished there were another 200 still to go.

■ **Nick Haslam** flew to Australia with Air New Zealand. His horse trek was organised by John and Roslyn Rudd, Remella, Adamantina, NSW 2630, Australia. Tel: 00-61-64 54 2386. Fax: 00-61-64 54 2530. A seven-day Heritage Horse Drive including food costs A\$900.

On the final day, we left the

high open country, winding down through gum trees to the shores of Lake Eucumbene, part of the Snowy River project.

20km

Market

20km

Sporting Profile

Blue collar man marks Royal and Ancient game's card

Tom Lehman is the most personable of sportsmen who, in adversity, highlighted golf's infuriatingly infinite dimensions, says Derek Lawrenson

The defending champion at next week's Open at Royal Troon could hardly be further removed from the man who will be the primary focus of attention. Tiger Woods has the world in thrall at 21: Tom Lehman never even made it on to the United States tour until he was in his early 30s. The sharp contrast illustrates the sport's infinite dimensions.

There may be four or five signposts that players seeking to reach the game's peak should follow but Lehman never spotted them and yet still made it.

When at home in Scottsdale, Arizona, this most personable of sportsmen likes nothing more than to tend his wide variety of rose bushes. He says he likes to take something ugly and make it beautiful and one cannot help but feel that he has spotted an

brother's wedding, he was so short of funds that to save on the cost of a hotel shower, he simply pulled into the back of a motel, removed his clothes, and bathed in the torrential rain.

Clearly, this was a life of

which any man would tire once he had shed the last vestiges of youth, and in 1988 Lehman finally decided to look for something else to do.

He applied for the golf coach job with the University of Minnesota, his native state, and was delighted to get an offer, but one thing troubled him: a reference to winter non-golfing activities. When he was told about the skiing instruction, the job lost its appeal.

What followed was pure Hollywood. He talked it over with his wife Melissa, who agreed that he should give golf one more try. So Lehman took the last \$4,000 from their account and flew to South Africa. He won \$2,000 there and joined the Nike mini-tour in America. Over the next two years he won four tournaments and a spot on the main US tour. Two years later he finished second in the Masters at Augusta.

Did this all go to his head? Well, armed with his six figure runner's-up cheque from the Masters, Lehman went out to buy new trousers but could not bring himself to pay the \$150 asking price. Some golfers would not be seen in anything but the latest designer trousers but Lehman wanted a pair more tailored to his personality. "I don't wear \$150 pants," he said, flatly.

He has remained Blue Collar Man. As his golf has gone from strength to strength, as the millions have stacked up, he has been offered a number of clothing deals but the contract he has opted for is one with the working man's designer: Dockers.

His following is considerable.

At last month's US Open at the Congressional Country Club outside Washington, his supporters included the president. As Chelsea Clinton wandered off in search of Tiger Woods, her father gently told her that he wanted to stay behind to watch Lehman. "He's my kind of golfer," he said.

Certainly it is very difficult to root against a man who

seemingly has time for everyone. After the 1994 US Open Lehman did not go home after the final round to prepare for the following week's tournament.

One of his friends, Loren Roberts, had made it into a play-off scheduled for the following day so Lehman hung around and walked the 18 holes.

At last year's US Open, he was paired in the final round with Steve Jones, another friend he had met through his church activities.

On the first tee he was thinking of his opponent. He reminded Jones of a bible quotation, telling him to "be strong, have courage," down the nerve-wracking final holes.

Jones displayed those qualities and defeated Lehman by a shot.

After three near misses in major championships, and at the age of 37, it was natural that people would wonder whether

Lehman would complete this



Alastair

A wonderful career – a triumph for perseverance and courage that runs the gamut of emotions

for his own career – a wonderful, heartwarming story, a triumph for perseverance and courage that runs the gamut of emotions.

Lehman has survived a decade of penury, a cancer scare in the year following his breakthrough, but he has also lifted high the most prized trophy in the game. Not surprisingly, all these extremes have fleshed out his character and made him one of the game's most interesting personalities.

We need not delve too far into the long struggle for success. Suffice to say that like many men, Lehman took a deep, hard look at himself on his 30th birthday and saw a man

struggling to stay above water.

He had played every mini-tour from Sacramento to Soweto and made nothing more than his expenses. One time, during the course of an 18 hour drive to his

seemingly has time for everyone. After the 1994 US Open Lehman did not go home after the final round to prepare for the following week's tournament.

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After three near misses in major championships, and at the age of 37, it was natural that

people would wonder whether

Lehman would complete this

fairytale. A month after losing out to Jones he was again in contention at the Open at Royal Lytham, and after three rounds, after a marvellous 64, he had opened up a six shot lead. On the final day, however, he was paired with Nick Faldo, who three months earlier had made up a similar deficit against Greg Norman at the Masters.

Faldo had given a terribly distracting display, missing every fairway on the front nine yet still saving pars from seemingly impossible positions.

Lehman kept his concentration to win the match and would acknowledge, some time later: "I learned a lot about myself that day, that winning is about a lot more than just hitting good shots."

Now, as Faldo failed to capitalise on a series of fine strokes, Lehman calmly stretched his lead once more to be a comfortable winner at the close. The gallery that had been hostile at one point warmed to

him during the prize ceremony as he gave a speech that was at once both humble and funny. By the side of the green his father, who had never stinted in his support of his career, could not stop staring at the leaderboard.

Three months later, at the US Open Championship, the season-ending finale, Lehman won once more by a street. He was named the player of the year, and the career that had appeared to grind to a full stop in 1989 had come to the end of another phase.

Having taken so long to reach the top, it is hardly surprising that Lehman is prepared to put in the necessary hours to stay there.

In the years that remain before age takes its toll he has set himself the target of winning all four majors once. "I honestly think it is a feasible target because I have got what I consider the hardest one for me

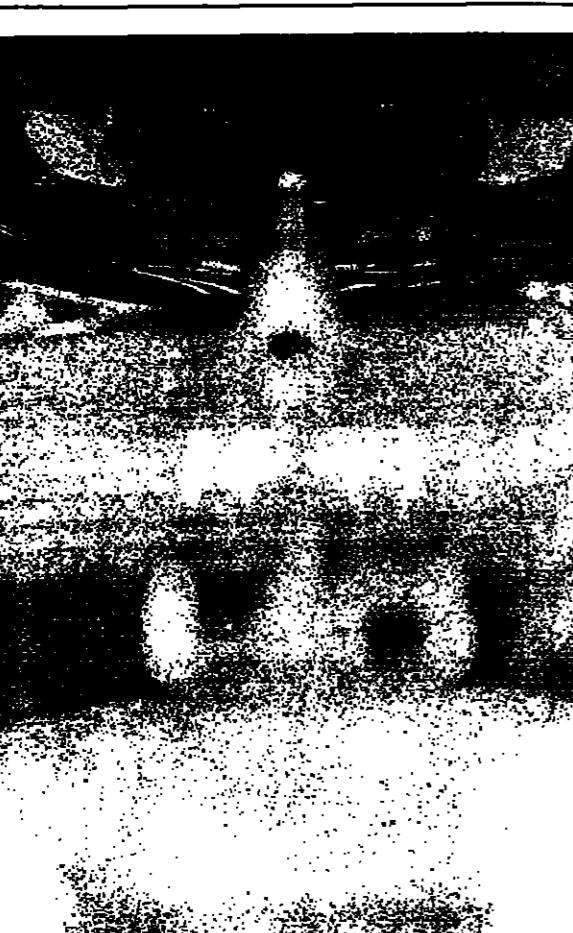
to win out of the way," he explained.

But he is realistic as well. He knows that the era of Woods and Ernie Els has begun, the era of huge contracts and golfers with profiles as big as pop stars. Yet there remains room for golf's Tom Job, and his refreshingly simple approach to the game.

After he had come up short at last month's US Open, the third year in a row he had had a chance to win and not succeeded, Lehman was asked whether he felt like shedding a tear, as Colin Montgomerie, another sufferer at the death, was doing at the time.

Lehman thought about the question for a while and, given his deep Christianity, one might have expected the eventual answer to focus on how he would fall back on his religion.

"Actually, what I really feel like doing right now is punching someone," he said, smiling.



Michael Schumacher: Formula 1's newest champion

Motor racing

Damon Hill's season turns to ashes

Arrows are waiting for better days as Schumacher performs the impossible, writes John Griffiths

For a reigning world champion this is about as bad as it gets. Damon Hill will start his home grand prix at Silverstone tomorrow without a single championship point to his name in a 1997 Formula One world championship already eight races old and halfway to completion.

The Yamaha-engined Arrows he drives for Tom Walkinshaw, the Scottish former racing driver-turned-engineering entrepreneur, has hardly finished a race this season. Engines have failed with alarming frequency. Hill, under a growing intensity of psychological pressure, has compounded mechanical misfortune with human error, on occasion to plunge himself prematurely off the track.

Not surprisingly, tempers have frayed. Walkinshaw, whose TWR organisation has grown in two decades from go-faster bits for Mazdas into a globally respected automotive engineering concern,

is not used to failure nor even to mediocre success. "I want to get the team into the top six by the end of the year," he told me a couple of months ago. As things stand, the statement appears to be one of extreme optimism – reflected in his clear anguish as the most recent grand prix, at Magny-Cours, once again turned to ashes for the Arrows.

As for Hill, facing the prospect of becoming the first driver for more than 40 years not to score a single point in the year after he won the world championship, no one would blame him if he wished to cast around for a potentially better seat elsewhere next year.

Yet despite the occasional frustrated post-race outburst, Hill off the track has been distinctly calm – if not quite laid back.

For this is a relationship far from written off. Arrows, Hill can be virtually certain, will come good – and the good-natured Englishman is well aware of it.

To expect immediate success is to expect a miracle

as that of his no less high profile rival, Jackie Stewart. Stewart's own attack on grand prix with his Ford-backed team has so far been more successful – but it has been much longer in the strategic planning stage. Stewart's strategy sets the tone of the

Yamaha's V10 has been fragile from the start; the hopes that a later version, installed after this year's opening rounds, would improve matters, woefully unfulfilled.

Walkinshaw does not suffer such shortcomings lightly. From the Machiavellian manoeuvrings which perpetually go on behind the scenes of Formula One, Arrows is expected to emerge into the 1998 season with a radical solution: a totally revised engine – or engine supplier.

None of which helps Hill or Arrows in the short term. Hill himself acknowledges the season to be virtually a lost cause. Under current circumstances, a point or two here or there in the eight remaining rounds would be regarded as pure bonus. Next year, however, should be another story.

Neither Hill nor Arrows' problems will be on the minds of the two chief protagonists for this year's title when they line up on the grid at the Northamptonshire circuit tomorrow.

For Jacques Villeneuve, the outspoken Canadian leading the Williams-Renault team, Silverstone is almost a moment of truth.

By now, Villeneuve, driving what is indisputably technically the best and most capable car in Formula One, should be a country mile ahead in the world championship.

Instead, his own vulnerability to pressure from the relentlessly efficient and overwhelmingly talented Michael Schumacher has already left him trailing an uncomfortably distant second.

Schumacher, meanwhile, continues to perform the seemingly impossible with a Ferrari closing on, but not yet up to, the Williams' performance. Should Schumacher win again this weekend the German's championship lead might start to look unassailable.

To Ferrari, his \$25m salary is already looking to be the dominant factor.

What's on around the world

SARAJEVO

BANGLADESH

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EGYPT

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ALGERIA

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YEMEN

IRAQ

SUDAN

INTERNATIONAL ARTS GUIDE

What's on around the world

AMSTERDAM

EXHIBITION

Van Gogh Museum
Tel: 31-20-570 5200
Second of four summer exhibitions of drawings by Van Gogh, the first of which took place last year. This time it is the turn of the works produced when the artist lived in Nuenen, 1883-1885. Here are the "Brabant handworkers", landscape drawings, and numerous studies of heads. The exhibition is shown in two parts, with a changeover on Aug 18; to Oct 12

BAD KISSINGEN

CONCERTS

Kissingen Summer Festival
Tel: 49-971-807110
● Barcelona Symphony Orchestra: conducted by Lawrence Foster in works by Gerhard, Shostakovich, Elgar and Mendelssohn; at the Regentenbau; Jul 12
● Barcelona Symphony Orchestra: conducted by Lawrence Foster in a programme of works by Britten, de Falla and Ravel; with piano soloist Daniel Barenboim; at the Regentenbau; Jul 13

BARCELONA

EXHIBITION

Fundació "la Caixa"
Tel: 34-3-404 8073
Tarsila do Amaral, Frida Kahlo, Amelia Peláez: display of works by the three women artists which aims to explore the relationship between the European avant-garde and the indigenous traditions which influenced them; to Jul 27

BASEL

EXHIBITIONS

Offentliche Kunstsammlung Basel
Tel: 41-61-271 0828
● Dürer/Holbein/Grünewald: major celebration of the quincentenary of Hans Holbein the Younger (ca. 1497-1543). Organised with the Staatliche Museen, Berlin, the exhibition consists of 170 oil master drawings; to Aug 24
● The Prints of Hans Holbein the Younger: consisting of the entire collection of the Basel Kupferstichkabinett; to Sep 7

BERLIN

EXHIBITION

Museum für Moderne Kunst, Martin-Gropius-Bau
Tel: 49-30-2548 6714
The Age of Modernism - Art in the Twentieth Century: comprehensive survey which presents the art of this century in four self-contained sections. Beginning with the explosion of Cubism and the crisis of the avant-garde, the exhibition includes works by Picasso, Duchamp and Kandinsky as well as younger and contemporary artists; to Jul 27

BONN

EXHIBITION

Kunst- und Ausstellungshalle der Bundesrepublik Deutschland
Tel: 49-228-917 1236
Sigmar Polke: subtitled "The Three Lies of Painting" this show includes some 180 loans and will document Polke's work from 1962 to the present. Will transfer to Berlin's Hamburger station; to Oct 12

CHELTENHAM

Festival

Tel: 44-1242-22793
CONCERTS
● Orchestra and Chor of the Age of Enlightenment: in works by Bach and a specially-commissioned work by Betty Roe; directed by Paul Nicholson, with soprano Ruth Holton and bass Peter Harvey; at the Town Hall; Jul 12
● Hanover Band: and Cordon Singers conducted by Matthew Best in works by Wagner, Part and Brahms; at Tewkesbury Abbey; Jul 14
● Bournemouth Symphony Orchestra: conducted by Paul Daniel in works by Brahms, Schubert and Mozart; at the Town Hall; Jul 16

OPERA

La Bohème: by Puccini, performed by the European Chamber Opera; at the Everyman Theatre; Jul 12

DROTTNINGHOLM

OPERA

Drottningholms Slottsteater
Tel: 46-8-4570500
Euridice: Swedish premiere of Jacopo Peri's opera, which dates from 1600. Produced by Karl Dunér, and designed by Peder Freij, with the Drottningholm Theatre Orchestra conducted by Jakob Lindberg; Jul 12, 15, 16, 18

EDINBURGH

EXHIBITIONS

Scottish National Gallery of Modern Art Tel: 44-131-624 6200
Matthew Dalglish and Louise Scullion - Endlessly: first showing for video installation created by the young Scottish artists on Scotland's north-east coast; to Sep 14

Scottish National Portrait Gallery
Tel: 44-131-624 6200
The Face of Denmark: the product of an exchange organised with the museum's Danish counterpart; this exhibition will include works from the period 1750-1840 and portraits of famous Danes including Hans Christian Andersen and Kierkegaard. In return, Scottish portraits will travel to Denmark in the autumn; to Aug 31

FORT WORTH

EXHIBITION



'Fenêtres ouvertes à Cézanne', 1956, by Charles Camoin, the subject of a retrospective in Lausanne

KIRKBY ART MUSEUM

Tel: 1-817-3328451
Monet and the Mediterranean: "It is so beautiful here, so bright, so luminous! One swims in blue air; it is frightening!" Tel: 44-171-589 8212
● Bernard Haitink conducts the BBC Symphony Orchestra, Chorus and the BBC Singers in Beethoven's Missa Solemnis; Jul 18

● Nicholas McGegan conducts selections from Mozart and Schubert's one-act opera *Die Verschworenen*, performed by the Orchestra of the Age of Enlightenment. Soloists include soprano Hillel Martinpelz; Jul 19

GLASGOW

EXHIBITION

McLellan Galleries
Tel: 44-141-331 1854
The Birth of Impressionism: more than 150 works including paintings by Monet, Sisley and Pissarro are presented here in relation to the work that went before them. The six galleries tell the story of Impressionism's reception by the French artistic establishment as well as suggesting the influence of photography, railways and Parisian cafe society on the new painting; to Sep 7

GRAZ

CONCERT

Strairte Festival Tel: 43-316-825000
Der Graf von Gleichen: its libretto banned by the censor, Schubert's last opera remained unfinished. By piecing together the fragments and filling in the gaps, Döntner has created a finished piece, performed here by the Graz Philharmonic Orchestra conducted by Andreas Stoehr; at the Stefaniansaal; Jul 12

KASSEL

EXHIBITIONS

Various venues
Documenta: giant five-yearly survey of contemporary art which takes place all over Kassel, starting at the old railway station. This tenth edition has been selected by French curator Catherine David, formerly of the Centre Georges Pompidou, who means to make a statement about culture at the end of the century; to Sep 28

LAUSANNE

EXHIBITIONS

Fondation de l'Hermine
Tel: 41-21-320 5001
Charles Camoin (1879-1965): retrospective which aims to demonstrate Camoin's contribution to Fauvism at the turn of the century and to show the development of his later work, including the influence of Cézanne; to Oct 5

Musée Cantonal des Beaux-Arts
Tel: 41-21-312 8332
COBRA 1948-1951: organised to mark the 50th anniversary of this post-war group of experimental artists, who derived their movement's name from their three cities of origin: Copenhagen, Brussels and Amsterdam. The exhibition will travel to Munich and Vienna; to Sep 14

LONDON

CONCERTS

Royal Opera House
Tel: 44-171-304 4000
Die Meistersinger von Nürnberg: Bernard Haitink conducts Graham Vick's production of Wagner's opera. John Tomlinson sings the role of the post-cobbler Sachs. The final performance will be the last opera staged at Covent Garden before the

BBC Proms: Royal Albert Hall

Tel: 44-171-589 8212
● Bernard Haitink conducts the BBC Symphony Orchestra, Chorus and the BBC Singers in Beethoven's Missa Solemnis; Jul 18

theatre closes for renovation; Jul 12

THEATRE

National Theatre, Cottesloe stage
Tel: 44-171-9282250

● Closer: new play written and directed by Patrick Marber, with a cast including Claran Hinds; in repertory
● King Lear: by Shakespeare. Highly praised production directed by Richard Eyre, with Ian Holm in the title role; in repertory

National Theatre, Lyttelton stage
Tel: 44-171-9282252

● Amy's View: Judi Dench and Samantha Bond star as mother and daughter in a new play by David Hare directed by Richard Eyre; in repertory
● The Cripple of Inishmaan: new play by Martin McDonagh directed by Nicholas Hytner; in repertory

National Theatre, Olivier stage
Tel: 44-171-9282252

Guy and Dolls: revival of Richard Eyre's production, with a cast including Imelda Staunton as Miss Adelaide; to Aug 30

Shakespeare's Globe

Tel: 44-171-401 9919
● Henry V: by Shakespeare - Mark Rylance stars as the young king in a production directed by Richard Olivier and designed by Jenny Tiramani; in repertory
● The Winter's Tale: by Shakespeare - directed by David Freeman; in repertory

The Old Vic Tel: 44-171-928 6655

● The Provok'd Wife: Lindsay Posner directs Alison Steadman and Michael Pennington in Vanbrugh's comic take on sexual politics in Restoration England; in repertory
● The Seagull: by Anton Chekhov. In a version by Tom Stoppard directed by Peter Hall, Felicity Kendall is Madame Arkadina, Timothy West her unhappy son, Michael Pennington her lover; in repertory

● Waiting for Godot: by Samuel Beckett; Ben Kingsley and Alan Howard are Estragon and Vladimir. The director is Peter Hall; in repertory

Manhattan Theatre Club, City Center
Tel: 1-212-581 1212

Collected Stories: Lisa Peterson directs this production of Donald Margulies' new play, starring Maria Tucci and Debra Messing as the writing professor and the graduate student who betrays her trust; to Aug 2

OTTAWA

EXHIBITIONS

National Gallery of Canada
Tel: 1-613-990 1985

Renoir Portraits: featuring works from throughout his career, this exhibition includes some of Renoir's most famous paintings. The show will travel to Chicago and Texas; to Sep 14

PARIS

DANCE

Opéra National de Paris, Palais Garnier
Tel: 33-1-4349696

Sylvia: the Opera Ballet performs a new version, with fresh choreography by John Neumeier, to music by Delibes; Jul 12, 14, 15

EXHIBITIONS

Jeu de Paume Tel: 33-1-4703 1250

César: major retrospective of one of the most important French sculptors of the twentieth century. Tracing the different approaches and materials with which he worked, the exhibition includes almost 500 objects loaned from museums and collectors in France and abroad; to Oct 19

Musée Carnavalet
Tel: 33-1-4272 2112

Rudolf Nureyev: celebration of the great dancer and choreographer who made his home in Paris. Includes photographs, books, furniture and costumes; to Jul 27

Musée National d'Art Moderne, Centre Georges Pompidou
Tel: 33-1-4478 1233

Fernand Léger: retrospective of the early modernist, who emerged from the Cubist revolution around 1910 to move towards abstraction. His experiences in the war and socialist principles led him back to figurative painting. The exhibition will travel to Madrid and New York; to Sep 29

LOS ANGELES

EXHIBITIONS

Museum of Contemporary Art
Tel: 312-286 6222

● Jeff Wall: first retrospective exhibition of the Canadian artist whose photographic work draws on the narrative traditions of tableau painting; the exhibition has been seen in Washington and will travel to Japan; from Jul 13 to Oct 5
● My Life, Mark Morrisroe: Polaroids 1977-1989 - 188 self-portraits and portraits of the artist's friends and lovers, mostly taken in bleak domestic settings; to Sep 14

MONTREAL

EXHIBITIONS

Museum of Fine Arts
Tel: 514-285 1600

Exiles and Emigrés: The Flight of European Artists from Hitler - focusing on the twelve years of Nazi rule

1933-45, this show, previously seen in California, explores the work of 23

OPERA

Opéra National de Paris, Opéra Bastille
Tel: 33-1-4473 1300

artists during their years in exile. Those featured include Salvador Dalí, Max Ernst, George Grosz and Piet Mondrian; to Sep 7

NEW YORK

CONCERTS

Lincoln Center Festival 97
Tel: 1-212-875 5030

● New York Philharmonic at the Avery Fisher Hall. Kurt Masur conducts a programme of works by Henze and Wagner. With soprano Deborah Voigt; Jul 12, 14
● New York Philharmonic at the Avery Fisher Hall. Music director Kurt Masur's 70th birthday is to be celebrated in a programme of popular favourites. With Anne-Sophie Mutter and other guest artists to be announced; Jul 18
● New York Philharmonic at the Avery Fisher Hall. Kurt Masur directs a programme exploring counterpoints to Wagner, featuring the rarely performed Mendelssohn oratorio *Die erste Walpurgisnacht* and the Brahms Violin Concerto; Jul 19

DANCE

Lincoln Center Festival 97
Tel: 1-212-875 5030

The Royal Ballet at the Metropolitan Opera House: The Prince of the Pagodas. Music by Benjamin Britten. NY premiere of this three-act ballet, choreographed by Sir Kenneth Macmillan. Darcey Bussell is Princess Rose; Jul 18, 19

EXHIBITIONS

Museum of Modern Art
Tel: 1-212-788 9480

● Objects of Desire: The Modern Still Life - beginning with Cézanne, including masterpieces by Matisse and Picasso, and culminating with Pop art and contemporary works, this exhibition traces the art of this century through the various and evolving representations of objects; to Aug 26
● This retrospective of the Stenberg brothers promises to be MOMA's largest graphic design retrospective to date. Bright young things of the Russian avant-garde, Vladimir later became Chief of Design for Red Square, while Georgii died in 1933. Pioneers of advertising, the brothers are best known for the arresting posters they designed for Soviet cinema in the 1920s; to Sep 2

THEATRE

Ambassador, 219 W. 49th St.
Tel: 1-212-239 6200

Bring In Da Noise, Bring In Da Funk: tap dancing spectacular with a political message about the history of black America, choreographed by Savion Glover with a text by Reg E. Gaines; to Oct 12
Belasco, 111 W. 44th St.
Tel: 1-212-239 6200
A Doll's House: Janet McTeer's much admired Nora plays opposite Owen Teale's Torvald in this sexually charged rendition of Ibsen's play, first seen in London and directed by Anthony Page; to Jul 26
Lincoln Center Festival 97
Tel: 1-212-875 5030

● Les Dandies: US premiere of Silvia Purcarate's reconstruction of Aeschylus' 470 BC trilogy. Performed in French with English supertitles; Damrosch Park, 62nd St near Amsterdam Ave; to Jul 20
● Woza Afrika: After Apartheid - four different programmes of South African township plays, intended to illustrate the changes which have taken place over the past ten years. All are US premieres. Presented at the John Jay College Theater and LaGuardia Theater; to Jul 27

FT WEEKEND

True Fiction / Kieran Cooke

Night of the strangler shrubs

Forget about holes in the ozone layer, disappearing rainforests and plunging sperm counts. There is something far more dreadful out there - a terrifying force poised to squeeze the last breath out of each and every one of us.

I speak, of course, of rhododendrons.

Did I hear a titter? No sir, this is not the gardening column and you jest at your peril. The massed ranks of rhododendrons are on the rampage. Soon they will be at your door, threatening all you hold dear and ready to destroy your world as completely as any melting ice cap or high-speed meteorite.

Let me tell you a tale that will have you rushing home to erect barricades.

At about this time of year, when the social season is at its height, a great man in a big house in County Tipperary

invites the chosen to a grand party.

The bash this year was more lavish than usual. The most ardent among the fork and spoon brigade could not exhaust the delicacies on the rampage.

The drink was another matter. There was enough Krug to float a battleship; the house was drowning in Mouton Rothschild. A rocket could have flown to the moon and back with all the liqueurs on offer.

Needless to say, the night was long and full of antics. The dancing got under way at 1am. A large lady in a small dress became too energetic during the tango and threw her partner, a

champion jockey, into the band.

A priest did a prolonged impression of a whirling dervish before gently sliding under the table, where he conducted a conversation with himself in Latin.

I spent most of the night trying to teach Irish step dancing to an heiress from Tucson ("My daddy is in chain stores"). At some point I must have lost my rhythm - the last thing I remember before coming to in the scullery was hopping across the tent much in the manner of a driverless pogo stick. The heiress was clearly unimpressed; when I returned she had taken up with a junk bond trader.

At about 5am I decided to call

it a night. My host, as genial as ever, inquired of my transport arrangements.

"Drilling tosh hole."

"Pardon?" said the great man. "Holes be tosh drivin'." My mouth was having a bad time of things. I was sensibly relieved of my car keys. It was suggested Major B, ace of the bloodstock world, should give me a lift to the hotel.

Major B is well known for having never touched a drop. This made me feel secure as I sat beside him in his Armstrong Siddeley.

How wrong I was! Years ago

the Irish government was confronted with an unmanageable

long list of applications for the driving test. It did the pragmatic thing: declared that all those waiting - some of whom would have difficulty identifying a car, much less driving one - would be given a full licence. The Major was one of those to slip through the net.

A great man with a big house has to have a long drive. He also has to have a lake. The Major found steering round a gentle left-hand bend too much of an effort. We took off through paddock lands, scaring the daylights out of a few choice geldings.

In my relaxed state, I presumed we were on the scenic route or undertaking

some cunning short cut.

"What the bloody hell are those trees doing there?" the Major suddenly shouted. There was a crashing and splintering. A revving of the engine. Then silence - apart from a gentle snoring coming from the driver's seat.

After checking the workability of various limbs, I made efforts to extricate myself. This is where the rhododendrons made their entrance. We were surrounded by them. They climbed in the windows and smothered my face. They wound round my legs and arms with a grip tighter than a ring full of sumo wrestlers.

It was midday before we were

set free from that living hell. The Major, having had a good sleep, seemed unaffected by it all. I am marked for life.

My doctor tells me I have a severe case of floral paranoia. I cannot sleep for nightmares of being strangled by shrubs. I see rhododendrons growing everywhere. Soon they will take over the whole country.

I refuse to enter any garden - most inconvenient with the outdoor party season in full tilt. I have been put in touch with the rhododendron support group.

A man who retired to the lake of Jura says the evil shrub has ruined him. "First it was the chickens, then the dog," he writes. "Finally, the other evening, Mabel went out to tend her Sweet Williams down where those terrible bushes grow. I have not seen her since and fear the worst..."

It's no more of the outdoors for me.

Metropolis

Murder and riots rock the cranky Boulder

Jurek Martin finds a liberal oasis becoming a victim of its lifestyle

I have a soft spot for Boulder, a combination of town and gown, 25 miles and several worlds away from big and bustling Denver, Colorado. This is a place for sampling the liberal and cranky zeitgeist of what is sometimes locally known as the People's Republic, right down to its nuclear-free zone.

But hard times have come to the 80,000 souls nestled under the spectacular Flatiron rocks. They are not the hard times of a collapsed economy or a despoiled environment, but from that most American of vices - violence - from which Boulder, gazing down from its wrap-around sun decks, its hands grasping beer or a fume blanc, had always seemed immune.

It all really began last Christmas with the discovery in the million dollar mock-Tudor family home of the murdered body of Jon-Benet Ramsey, a six-year-old beauty queen. This is a crime, still unsolved, that has run and run ever since in the national supermarket tabloids and the heavy press as well, putting Boulder under the sort of public microscope it had always disdained.

Then, improbably, students at the University of Colorado, normally so laid-back by the beauty of their surroundings as to be semi-inert, rioted in protest against a police crackdown on underage drinking. The law used rubber bullets - the police chief said he thought the use of live ammunition could have been justified - and \$500,000 worth of damage was caused. Boulder was truly shocked, but, being a good progressive town, pointed fingers of blame at both sides.

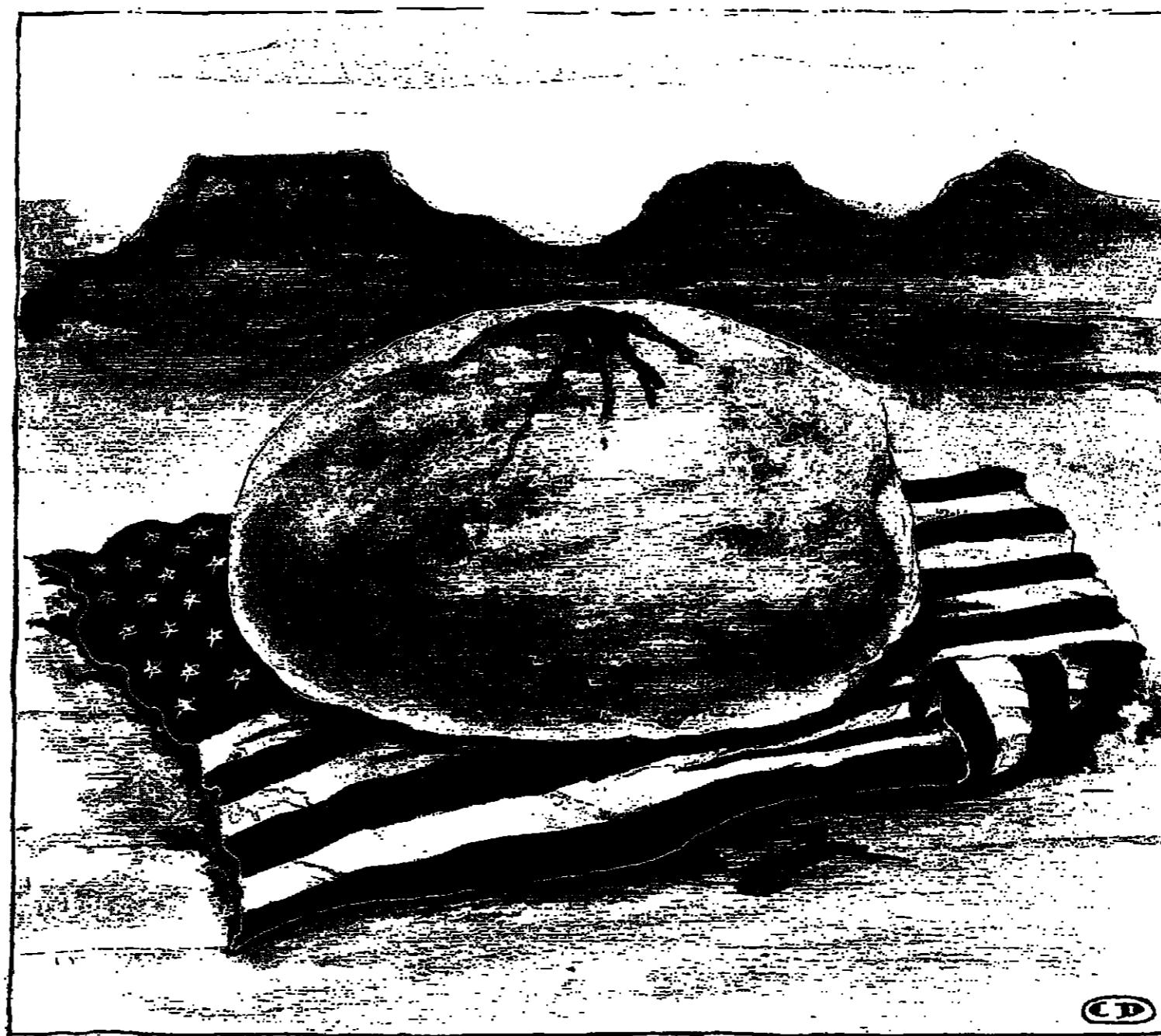
Paul Danish, now a county commissioner but previously

Boulderites could console themselves that the Ramseys were new arrivals, that plebian and politically incorrect beauty pageants had no part in local life and that the crude media back packs would eventually swivel their spotlights elsewhere, allowing life to go on as usual.

But it never rains except that it pours. With the spring came another horror story. A university lecturer had asked the police, already under fire for bringing no prosecutions in the Ramsey case, to be present during a meeting with his estranged wife. While they waited downstairs, she stabbed him to death in a bedroom.

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Arcadia

Man's virtuous helper

Tom Fort pays tribute to the long-suffering, much-abused donkey

When Emma opened her young lungs to transport. Its problem is that it is too virtuous to inspire our love. We like our pets to be capricious, demonstrative and vulnerable: to need us. The donkey is too quiet, too self-contained and far too patient for its own good.

Its reward is to have been the most abused creature ever created. It has been the donkey's lot to be kicked, whipped, beaten, exploited, executed, tortured, mutilated, murdered. On its docile form has been vented all the fury and frustration engendered by man's eternal struggle with the unforgiving soil. And the donkey has never hit back.

So we have labelled it the living embodiment of stubbornness. We annex its names, and call idiots an ass or a jackass. No cruelty, no outrage, against a donkey is beyond the pale.

Take poor Modestine, Stevenson's celebrated companion in *Travels with a Donkey in the Cevennes*. She is the indispensable who made the book immortal. Yet the young Scotsman's treatment of her is abominable, ranging from the merely brutal to the outright sadistic.

There is a horrible joy in his tone as he recounts how he laid aside the cudgel with

which he had been belabouring her until his arm ached; and took up the goad, a wand with a pin in its end, a prick from which "she broke into a gallant little trotlet and devoured the miles".

The Emma of my story has suffered no such tyranny. In donkey terms, her life has been as luxurious as that of

Stevenson's treatment of Modestine is abominable - brutal and sadistic

Nero's wife Poppea, who bathed in the milk provided by her herd of 500 asses; and a good deal more peaceful.

Her owner is my uncle, a man possessed by the most powerful tender-heartedness towards animals, and toil she has never known.

The nearest approach to

exertion she has had to endure was in her distant youth, when she would be driven by the silver-studded gardener Giovanni up the hill to be impregnated by some gentleman as of sound character. Her chil-

dren were found good homes, no easy task in a culture which gives high esteem to donkey salami.

In those distant days, donkey work was still essential to the working life of the valley. Dawa was filled with the clatter of hooves on the old, stony trails as the peasants made their way to olive groves or steep fields. Come evening, and back they would come; the beasts half hidden by their impossible loads, their owners thirsty for red wine but still vocal in abuse and exhortation. There was no hurry, for a donkey will not hurry.

Now it has departed. No longer are the sons of those peasants prepared to submit themselves to the laborious existence which is all this land can afford them. It is not worthwhile to harvest the olives; the fruit from the ancient, twisted trees falls and rots. The orchards are choked, the fields left to become wilderness.

As in the valley, so across civilised Europe: no one needs the working donkey any more. Ireland used to have 200,000 of them; the beast under its mountain of hay was almost a national symbol. Now there are only a few thousand left, and those are being converted as

fast as possible into donkey sausages, much prized on the Continent.

In Britain, the donkey has long been redundant, except to give rides to children in old-fashioned seaside resorts. But we are far too sentimental to think of them in terms of herbs and seasoning and frying pans. So fugitives from continental glutony arrive in their thousands to nibble out their days at the Donkey Sanctuary based near Sidmouth.

There is no danger of Emma's elegant neck being turned into the delicacy known as *strozzino di asino*.

She munches away, snoozes, twitches her flanks as the flies swarm, seeks shade from the Italian sun. Does she regret the silence that encloses the old mule track that runs past my uncle's house?

Does she pine for the days when her occasional bray would be answered by half a dozen of her race. Probably not, for donkeys never complain.

E.J. Kiebler

Strassenzene, 1913



Sold at Sotheby's for £1.9 million in June, 1997

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SOTHEBY'S

Start the week with... US and the lion's share of investment